

FORM 10-K  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2003

Commission file number 0-17711

GATEWAY TAX CREDIT FUND, LTD.

(Exact name of Registrant as specified in its charter)

<u>Florida</u>	<u>59-2852555</u>
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

<u>880 Carillon Parkway, St. Petersburg, Florida</u>	<u>33716</u>
(Address of principal executive offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code (727) 567-4830

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Title of Each Class  
Units of Limited Partnership Interest

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO       

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Sec. 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

<u>Title of Class</u>	<u>Number of Record Holders as of March 31, 2003</u>
Limited Partnership Interest	2,043
General Partner Interest	2

DOCUMENTS INCORPORATED BY REFERENCE  
Part III and IV - Registration Form S-11 and  
all Amendments and Supplements thereto.  
File No. 33-18142

## PART I

### Item 1. Business

Gateway Tax Credit Fund, Ltd. ("Gateway") is a Florida limited partnership. The general partners are Raymond James Tax Credit Funds, Inc., the Managing General Partner, and Raymond James Partners, Inc. both of which are sponsors of Gateway Tax Credit Fund, Ltd. and wholly-owned subsidiaries of Raymond James Financial, Inc. Gateway was formed October 27, 1987 and commenced operations as of June 30, 1988 with the first admission of Limited Partners.

Gateway is engaged in only one industry segment, to acquire limited partnership interests in unaffiliated limited partnerships ("Project Partnerships"), each of which owns and operates one or more apartment complexes eligible for Low-Income Housing Tax Credits under Section 42 of the Internal Revenue Code ("Tax Credits"), received over a ten year period. Subject to certain limitations, Tax Credits may be used by Gateway's investors to reduce their income tax liability generated from other income sources. Gateway will terminate on December 31, 2040 or sooner, in accordance with the terms of its Limited Partnership Agreement. Gateway closed its initial offering of Limited Partnership Interests on March 1, 1990 after receiving capital contributions of \$1,000 from the General Partners and \$25,566,000 from Limited Partners.

Operating profits and losses, cash distributions from operations and Tax Credits are allocated 99% to the Limited Partners and 1% to the General Partners. Profit or loss and cash distributions from sales of interests in Project Partnerships will be allocated as described in the Limited Partnership Agreement.

Gateway has invested in 82 Project Partnerships, acquiring a 99% interest in these properties by becoming the sole limited partner in the Project Partnerships that own the properties. In October, 1996 Value Partners, Inc., an affiliate of Raymond James Tax Credit Funds, Inc., became the sole general partner of one of the Project Partnerships, Village Apartments of Sparta, Limited Partnership ("Sparta"). In October, 1997, Value Partners became the sole general partner of Village Apartments of Divernon ("Divernon") See Management's Discussion and Analysis of Financial Condition and Results of Operations for additional details.

The primary sources of funds for the year ended March 31, 2003 were from the maturity of Treasury Notes for \$486,001, interest income of \$10,417 earned on cash and cash equivalents, and \$117,539 in distributions received from Project Partnerships. As of March 31, 2003 Gateway had \$1,343,666 of Cash and Cash Equivalents and \$616,048 in investments in securities with annual maturities each year until 2004, which will be used to meet future annual operating needs of Gateway.

All Project Partnerships are government subsidized. Most have mortgage loans from the Farmers Home Administration (now called USDA Rural Development) ("USDA RD") under Section 515 of the Housing Act of 1949. These mortgage loans are made at low interest rates for multi-family housing in rural and suburban areas, with the requirement that the interest savings be passed on to low income tenants in the form of lower rents. A significant portion of the Project Partnerships also receive rental assistance from USDA RD to subsidize certain qualifying tenants.

The General Partners do not believe the Project Partnerships are subject to the risks generally associated with conventionally financed nonsubsidized apartment properties. Risks related to the operations of Gateway are described in detail on pages 21 through 33 of the Prospectus, as supplemented, under the caption "Risk Factors" which is incorporated herein by reference.

The investment objectives of Gateway are to:

- 1) Provide tax benefits to Limited Partners in the form of Tax Credits during the period in which each Project is eligible to claim tax credits;
- 2) Preserve and protect the capital contributions of Investors;
- 3) Participate in any capital appreciation in the value of the Projects; and
- 4) Provide passive losses to individual investors to offset passive income from other passive activities, and provide passive losses to corporate investors to offset business income.

The investment objectives and policies of Gateway are described in detail on pages 33 through 38 of the Prospectus, as supplemented, under the caption "Investment Objectives and Policies" which is incorporated herein by reference.

Gateway's goal was to invest in a diversified portfolio of Project Partnerships located in rural and suburban locations with a high demand for low income housing. As of March 31, 2003 the capital contributions raised from Limited Partner investors were successfully invested in Project Partnerships which met the investment criteria. Management anticipates that competition for tenants will only be with other low income housing projects, and not with conventionally financed housing. With significant number of rural American households living below the poverty level in substandard housing, management believes there will be a continuing demand for affordable low income housing for the foreseeable future.

Gateway has no direct employees. The General Partners have full and exclusive discretion in management and control of Gateway.

## Item 2. Properties

Gateway owns interest in properties through 99% limited partnership interests in 82 Project Partnerships. There are no investments in individual Project Partnerships which are material to Gateway taken as a whole with the largest single investment comprising 7.2% of Gateway's total assets. The following table provides certain summary information regarding the Projects in which Gateway had an interest, excluding Sparta and Divernon, as of December 31, 2002:

PARTNERSHIP	LOCATION OF PROPERTY	# OF UNITS	DATE ACQUIRED	PROPERTY COST	OCCUP.
-----	-----	-----	-----	-----	-----
Laynecrest	Medway, OH	48	6/88	1,862,433	96%
Martindale	Union, OH	30	6/88	1,182,271	100%
La Villa Elena	Bernalillo, NM	54	8/88	2,042,621	96%
Rio Abajo	Truth/Consequences, NM	42	9/88	1,799,756	83%
Fortville II	Fortville, IN	24	11/88	810,389	88%
Summitville	Summitville, IN	24	11/88	879,994	92%
Suncrest	Yanceyville, NC	40	12/88	2,143,354	93%
Brandywine III	Millsboro, DE	32	12/88	1,315,971	94%
Concord IV	Perryville, MD	32	12/88	1,404,667	88%
Dunbarton Oaks III	Georgetown, DE	32	12/88	1,395,366	100%
Federal Manor	Federalburg, MD	32	12/88	1,471,569	100%
Laurel Apts	Laurel, DE	32	12/88	1,385,850	88%
Mulberry Hill IV	Easton, MD	16	12/88	741,995	100%
Madison	Madison, OH	40	12/88	1,478,675	98%
Hannah's Mill	Thomaston, GA	50	12/88	1,812,786	96%
Longleaf Apts.	Cairo, GA	36	12/88	1,192,946	100%
Sylacauga Garden	Sylacauga, AL	45	12/88	1,614,544	84%
Monroe Family	Monroe, GA	48	12/88	1,788,673	90%
Clayfed Apartments	Denver, CO	32	12/88	992,822	94%
Westside Apts.	Denver, CO	52	12/88	1,594,808	92%
Casa Linda	Silver City, NM	41	3/89	1,749,554	98%
Rivermeade	Yorktown, VA	80	3/89	3,046,646	100%
Laurel Woods	Ashland, VA	40	3/89	1,549,636	100%
Keysville	Keysville, VA	24	3/89	914,521	92%
Crosstown	Kalamazoo, MI	201	4/89	6,249,959	99%
Riverside Apts.	Demopolis, AL	40	5/89	1,475,619	98%
Brookshire Apts.	McDonough, GA	46	6/89	1,767,404	98%
Sandridge Apts.	Fernandina Beach, FL	46	6/89	1,660,728	96%
Limestone Estates	Limestone, ME	25	6/89	1,414,221	88%
Eagle's Bay	Beaufort, NC	40	6/89	1,952,653	95%
Teton View	Rigby, ID	40	6/89	1,824,564	95%
Albany	Albany, KY	24	7/89	937,557	92%
Burkesville	Burkesville, KY	24	7/89	919,438	79%
Scotts Hill	Scotts Hill, TN	12	7/89	505,653	92%
Sage	Gallup, NM	44	7/89	1,959,029	91%
Claremont	Cascade, ID	16	8/89	609,146	100%
Middleport	Middleport, NY	25	9/89	1,167,852	100%
Oakwood Apts.	Columbus, NE	24	9/89	1,024,786	79%
Morgantown	Morgantown, IN	24	9/89	959,783	96%
Ashburn Housing	Ashburn, GA	41	9/89	1,300,760	98%
Cuthbert Elderly	Cuthbert, GA	32	9/89	1,028,295	97%

Sandhill Forest	Melrose, FL	16	9/89	573,562	88%
Oakwood Grove	Crescent City, FL	36	9/89	1,238,885	97%
Hastings Manor	Hastings, FL	24	9/89	864,386	96%
Lakewood Apts.	Norfolk, NE	72	9/89	3,150,370	94%
Robinhood Apts.	Springfield, TN	48	9/89	1,829,183	100%
Skyview Terrace	Springfield, TN	48	9/89	1,542,221	100%
Mabank 1988	Mabank, TX	42	9/89	1,390,822	96%
Buena Vista	Buena Vista, GA	25	9/89	814,227	100%
Woodcroft	Elizabethtown, NC	32	9/89	1,490,939	97%
Spring Creek	Quitman, GA	18	10/89	607,608	100%
Spring Creek	Cherokee, AL	24	11/89	644,451	92%
Milton Elderly	Milton, FL	43	11/89	1,346,208	100%
Winder Apartments	Winder, GA	48	11/89	1,762,725	98%
Hunters Ridge	Killen, AL	40	12/89	1,420,816	95%
Stone Arbor	Madison, NC	40	12/89	1,874,064	93%
Greeneville	Greeneville, TN	40	12/89	1,539,172	100%
Centralia II	Centralia, IL	24	12/89	976,228	100%
Poteau IV	Poteau, OK	32	12/89	716,016	97%
Barling	Barling, AR	48	12/89	1,152,864	94%
Booneville	Booneville, AR	50	12/89	1,682,587	94%
Augusta	Augusta, KS	66	12/89	2,381,719	96%
Meadows	Farmville, VA	40	12/89	1,588,193	88%
Kenly Housing	Kenly, NC	48	2/90	1,687,997	98%
Fairview South	Athens, TX	44	2/90	1,357,497	98%
River Road Apts.	Waggaman, LA	43	2/90	1,519,306	98%
Middlefield	Middlefield, OH	36	3/90	1,350,227	100%
Floresville	Floresville, TX	40	3/90	1,312,062	100%
Mathis Retirement	Mathis, TX	36	3/90	1,084,390	94%
Sabinal Housing	Sabinal, TX	24	3/90	780,115	92%
Kingsland Housing	Kingsland, TX	34	3/90	1,160,610	100%
Crestwood Villa II	Crestline, OH	36	3/90	1,373,883	75%
Poteau Prop. III	Poteau, OK	19	4/90	583,005	100%
Decatur Properties	Decatur, AR	24	4/90	969,816	88%
Broken Bow Prop II	Broken Bow, OK	46	4/90	1,957,868	89%
Turtle Creek II	Grove, OK	42	4/90	1,558,446	95%
Pleasant Valley	Grangeville, ID	32	4/90	1,480,231	100%
Hartwell Elderly	Hartwell, GA	24	4/90	821,329	100%
Pulaski Village	Pulaski, VA	44	7/90	1,828,337	100%
Southwood Apts.	Jacksonville, TX	40	7/90	1,221,635	98%
		-----		-----	
		3,098		115,563,294	
		=====		=====	

The average effective rental per unit is \$3,967 per year (\$331 per month).

The average effective occupancy rate at December 31, 2002 was 97.0%

A summary of the cost of the properties, excluding Sparta and Divernon, as of December 31, 2002, 2001 and 2000 is as follows:

	12/31/02	12/31/01	12/31/00
	-----	-----	-----
Land	\$ 5,128,526	\$ 5,097,275	\$ 5,097,275
Land Improvements	1,623,847	2,058,477	1,998,842
Buildings	104,364,570	103,292,188	103,134,264
Furniture and Fixtures	4,446,351	4,625,311	4,496,422
	-----	-----	-----
Properties, at Cost	115,563,294	115,073,251	114,726,803
Less: Accum. Depreciation	49,390,571	45,903,523	42,390,325
	-----	-----	-----
Properties, Net	\$ 66,172,723	\$ 69,169,728	\$ 72,336,478
	=====	=====	=====

Item 3. Legal Proceedings

Gateway is not a party to any material pending legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders

As of March 31, 2003, no matters were submitted to a vote of security holders, through the solicitation of proxies or otherwise.

PART II

Item 5. Market for the Registrant's Securities and Related Security Holder Matters

(a) Gateway's Limited Partnership interests are not publicly traded.

There is no market for the Registrant's Limited Partnership interests and it is unlikely that any will develop. No transfers of Limited Partnership Units are permitted without the prior written consent of the Managing General Partner. There have been several transfers over the last two years, with most being from individuals to their trusts or heirs. The Managing General Partner is not aware of the price at which the units are transferred. The conditions under which investors may transfer units is found under ARTICLE XII - "Transfer of a Limited Partnership Interest" on pages A-24 and A-25 of the Limited Partnership Agreement within the Prospectus, which is incorporated herein by reference.

There have been no distributions paid to the Limited Partner investors over the last five years.

(b) Approximate Number of Equity Security Holders:

<u>Title of Class</u>	<u>Number of Record Holders as of March 31, 2002</u>
Limited Partnership Interest	2,043
General Partner Interest	2

Item 6. Selected Financial Data

	<u>2003</u> -----	<u>2002</u> -----	<u>2001</u> -----	<u>2000</u> -----	<u>1999</u> -----
Total Revenues	\$ 356,006	\$ 412,005	\$ 423,174	\$ 441,466	\$ 457,380
Net Loss	(771,799)	(577,139)	(787,797)	(877,394)	(975,308)
Equity in Losses of Project Partnerships	(253,927)	(202,920)	(366,069)	(490,163)	(610,098)
Total Assets	4,334,857	4,946,571	5,375,816	5,980,554	6,673,086
Investments In Project Partnerships	1,531,068	1,832,496	2,077,180	2,500,833	3,040,206
Per Limited Partnership Unit: (A)					
Tax Credits	2.49	4.94	38.70	104.10	138.90
Portfolio Income	10.80	21.61	18.60	17.20	17.50
Passive Loss	(146.37)	(141.03)	(149.30)	(135.00)	(130.40)
Net Loss	(29.89)	(22.35)	(30.51)	(33.98)	(37.77)

(A) The Tax information is as of December 31, the year end of the Partnership for tax purposes.

The above selected financial data should be read in conjunction with the financial statements and related notes appearing elsewhere in this report. This statement is not covered by the auditor's opinion included elsewhere in this report.

## Item 7. Controls and Procedures

Within 90 days prior to the filing of this report, under the supervision and with the participation of the Partnership's management, including the Partnership's chief executive and chief financial officers, an evaluation of the effectiveness of the Partnership's disclosure controls and procedures (as defined in Rule 13a-14(c) under the Securities and Exchange Act of 1934) was performed. Based on this evaluation, such officers have concluded that the Partnership's disclosure controls and procedures were effective as of the date of that evaluation in alerting them in a timely manner to material information relating to the Partnership required to be included in this report and the Partnership's other reports that it files or submits under the Securities Exchange Act of 1934. There were no significant changes in the Partnership's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

## Item 8. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Results of Operations -

Gateway commenced operations June 30, 1988. During the offering period, Gateway received \$25,566,000 in capital contributions from investors. The proceeds available for investment from the capital contributions were used to acquire interests in Project Partnerships. At December 31, 1989, Gateway owned an interest in 65 Project Partnerships, and since December 31, 1990, Gateway has owned an interest in 82 Project Partnerships. There are no unusual events or trends to describe.

As disclosed on the Statements of Operations, interest income was comparable for the years ended March 31, 2003, 2002 and 2001. Total expense for the year ended March 31, 2003 was \$878,784, which is comparable for the years ended March 31, 2002 and 2001.

Equity in Losses of Project Partnerships decreased from \$366,069 for the year ended March 31, 2001 to \$202,920 for the year ended March 31, 2002 and increased to \$253,927 for the year ended March 31, 2003. As presented in Note 8, Gateway's share of net loss decreased from \$2,595,555 in 2001 to \$2,352,749 in 2002 and increased to \$2,551,053 for the year ended March 31, 2003. Suspended Losses decreased from \$2,249,486 in 2001 to \$2,149,829 in 2002 and increased to \$2,297,126 for the year ended March 31, 2003. These losses would reduce the investment in certain Project Partnerships below zero. In general, it is common in the real estate industry to experience losses for financial and tax reporting purposes because of the non-cash expenses of depreciation and amortization. (For the twelve months ending December 31, 2002, December 31, 2001, and December 31, 2000, the Project Partnerships reported depreciation and amortization expense of \$3,508,268, \$3,520,633, and \$3,540,410, respectively). As a result, management expects Gateway will continue to report its equity in Project Partnerships as a loss for tax and financial reporting purposes.

Overall, management believes Gateway is operating as expected and the Project Partnerships are generating tax credits which meet projections. However, there are two Project Partnerships that have experienced significant operating problems which are described below. Management does not expect any material adverse effect to Gateway from these Project Partnerships.

On October 1, 1997 Value Partners, Inc. became the sole general partner of Village Apartments of Divernon Limited Partnership ("Divernon"), replacing the former general partners. Value Partners, Inc. is an affiliate of Raymond James Tax Credit Funds, Inc., the managing general partner of Gateway. Divernon is a 12 unit property located in Divernon, Illinois in which Gateway invested as the sole limited partner on October 1, 1989. The property's average occupancy rate for the year improved from 92% in 2001 to 100% in 2002. Gateway loaned Divernon \$9,000, \$10,000, and \$12,000 to cover the operating deficits for 2000, 2001, and 2002 respectively. It is projected to require additional loans from Gateway including an estimated \$11,000 for 2003. As of June 30, 1999, an updated workout plan with the USDA RD was implemented. Management is using rent incentives, vigorous advertising, and tight controls over repairs and maintenance to improve occupancy and cash flows in 2003.

A Project Partnership located in Denver, Colorado had been experiencing cash shortages from operations in 1999 and 2000 due to increasing maintenance needs and a lengthy eviction process for bad tenants. Gateway loaned the partnership \$40,000 in

2000 for the reduction of accounts payable and necessary capital improvements. As of

Item 8. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

March 31, 2003, the project is no longer experiencing cash shortages and is expected to pay back the loan within one year.

Gateway paid no cash distributions in the fiscal years ended March 31, 2000, 2001, and 2002 and management does not anticipate distributions in the foreseeable future.

Liquidity and Capital Resources -

Gateway's capital resources are used to pay General and Administrative operating costs including personnel, supplies, data processing, travel, and legal and accounting associated with the administration and monitoring of Gateway and the Project Partnerships. The capital resources are also used to pay the Asset Management Fee due the Managing General Partner, but only to the extent that Gateway's remaining resources are sufficient to fund Gateway's ongoing needs. (Payment of any Asset Management Fee due but unpaid at the time Gateway sells its interests in the Project Partnerships is subordinated to the investors return of their original capital contribution.)

The sources of funds to pay the operating costs are short term investments and interest earned thereon, the maturity of U.S. Treasury Security Strips ("Zero Coupon Treasuries") which were purchased with funds set aside for this purpose, and cash distributed to Gateway from the operations of the Project Partnerships. At March 31, 2003, Gateway had \$1,343,666 of short term investments (Cash and Cash Equivalents). It also had \$616,048 in Zero Coupon Treasuries with maturities providing \$514,000 in fiscal year 2003 and \$142,000 in fiscal year 2004. Management believes these sources of funds are sufficient to meet Gateway's current and ongoing operating costs for the foreseeable future, and to pay part of the Asset Management Fee.

For the year ending March 31, 2003, Gateway received \$117,539 in cash distributions from the Project Partnerships and it received \$486,000 from the matured Zero Coupon Treasuries. The General and Administrative operating costs were \$131,270 and the Asset Management Fee actually paid was \$317,991.

Item 9. Financial Statements and Supplementary Data



## INDEPENDENT AUDITOR'S REPORT

To the Partners of  
Gateway Tax Credit Fund, Ltd.

We have audited the accompanying combined balance sheets of Gateway Tax Credit Fund, Ltd. (a Florida Limited Partnership) as of March 31, 2003 and 2002 and the related combined statements of operations, partners' equity (deficit), and cash flows for each of the three years in the period ended March 31, 2003. These combined financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these combined financial statements based on our audits. We did not audit the financial statements of certain Project Partnerships for which \$14,655,624 and \$14,398,908 of cumulative equity in losses are included in these financial statements as of March 31, 2003 and 2002, respectively and for which net losses of \$256,716, \$202,918 and \$360,034 are included in the accompanying financial statements for each of the three years in the period ended March 31, 2003. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such underlying partnerships, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of Gateway Tax Credit Fund, Ltd. as of March 31, 2003 and 2002 and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed under Item 14(a)(2) in the index are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audits and the reports of other auditors, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Spence Marston, Bunch, Morris & Co.  
SPENCE, MARSTON, BUNCH, MORRIS & CO.  
CERTIFIED PUBLIC ACCOUNTANTS

Clearwater, Florida  
June 20, 2003

PART I - Financial Information  
Item 1. Financial Statements

GATEWAY TAX CREDIT FUND, LTD.  
(A Florida Limited Partnership)  
COMBINED BALANCE SHEETS

	2003 ----	2002 ----
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,343,666	\$ 1,184,578
Accounts Receivable	44,384	45,281
Investments in Securities	487,057	460,085
Prepaid Insurance	265	628
	-----	-----
Total Current Assets	1,875,372	1,690,572
Investments in Securities	128,991	567,264
Investments in Project Partnerships, Net	1,531,068	1,832,496
Rental Property at Cost, Net	799,426	856,239
	-----	-----
Total Assets	\$ 4,334,857 =====	\$ 4,946,571 =====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 375,934	\$ 373,212
Accounts Payable	2,209	8,215
Accrued Real Estate Taxes	14,851	14,265
Tenant Security Deposits	6,800	6,400
	-----	-----
Total Current Liabilities	399,794	402,092
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	3,194,525	3,021,493
Mortgage Notes Payable	1,231,220	1,236,962
	-----	-----
Total Long Term Liabilities	4,425,745	4,258,455
	-----	-----
Minority Interest in Local Limited Partnerships	(68,086)	(63,179)
	-----	-----
Partners' Equity (Deficit):		
Limited Partners (25,566 units outstanding at March 31, 2003 and 2002	(194,381)	569,700
General Partners	(228,215)	(220,497)
	-----	-----
Total Partners' Equity (deficit)	(422,596)	349,203
	-----	-----
Total Liabilities and Partners' Equity	\$ 4,334,857 =====	\$ 4,946,571 =====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND, LTD.  
(A Florida Limited Partnership)  
COMBINED STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED MARCH 31,

	2003 ----	2002 ----	2001 ----
Revenues:			
Rental	\$ 124,401	\$ 120,669	\$ 117,161
Interest Subsidy	57,597	58,231	57,936
Interest Income	85,376	131,048	176,086
Other	88,632	102,057	71,991
	-----	-----	-----
Total Revenues	356,006	412,005	423,174
Expenses:			
Asset Management Fee-General Partner	491,021	493,205	494,898
General and Administrative:			
General Partner	68,891	45,714	36,934
Other	62,379	50,693	52,816
Rental Operating Expenses	97,493	84,415	100,521
Interest	86,228	86,604	87,738
Depreciation	59,129	56,805	55,636
Amortization	13,643	14,616	16,996
	-----	-----	-----
Total Expenses	878,784	832,052	845,539
Loss Before Equity in Losses of Project Partnerships	(522,778)	(420,047)	(422,365)
Equity in Losses of Project Partnerships	(253,927)	(202,920)	(366,069)
Minority Interest in Loss of Combined Project Partnerships	4,906	45,828	637
	-----	-----	-----
Net Loss	\$ (771,799) =====	\$ (577,139) =====	\$ (787,797) =====
Allocation of Net Loss:			
Limited Partners	\$ (764,081)	\$ (571,368)	\$ (779,919)
General Partners	(7,718)	(5,771)	(7,878)
	-----	-----	-----
Net Loss Per Number of Limited Partnership Units	\$ (771,799) =====	\$ (577,139) =====	\$ (787,797) =====
Number of Limited Partnership Units Outstanding	\$ (29.89) =====	\$ (22.35) =====	\$ (30.51) =====
	=====	=====	=====
	25,566	25,566	25,566
	=====	=====	=====

GATEWAY TAX CREDIT FUND, LTD.  
(A Florida Limited Partnership)  
COMBINED STATEMENTS OF PARTNERS' EQUITY (DEFICIT)  
FOR THE YEARS ENDED MARCH 31, 2003, 2002 AND 2001:

	Limited Partners -----	General Partners (Deficit) -----	Total -----
Balance at March 31, 2000	\$ 1,920,987	\$ (206,848)	\$ 1,714,139
Net Loss	(779,919)	(7,878)	(787,797)
	-----	-----	-----
Balance at March 31, 2001	1,141,068	(214,726)	926,342
Net Loss	(571,368)	(5,771)	(577,139)
	-----	-----	-----
Balance at March 31, 2002	569,700	(220,497)	349,203
Net Loss	(764,081)	(7,718)	(771,799)
	-----	-----	-----
Balance at March 31, 2003	\$ (194,381) =====	\$ (228,215) =====	\$ (422,596) =====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND, LTD.  
(A Florida Limited Partnership)  
COMBINED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2003, 2002 AND 2001:

	2003 ----	2002 ----	2001 ----
Cash Flows from Operating Activities:			
Net Loss	\$ (771,799)	\$ (577,139)	\$ (787,797)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	13,643	14,616	16,996
Depreciation	59,129	56,805	55,636
Distributions Included in Other Income	(83,682)	(95,741)	(67,493)
Accreted Interest Income on Investments in Securities	(74,700)	(107,051)	(134,560)
Equity in Losses of Project Partnerships	253,927	202,920	366,069
Minority Interest in Losses of Combined Project Partnerships	(4,906)	(45,828)	(637)
Interest Income from Redemption of Securities	306,027	276,104	245,379
Changes in Operating Assets and Liabilities:			
Increase in Accounts Receivable	(11,103)	(8,160)	(53,336)
Decrease (Increase) in Prepaid Insurance	363	(407)	168
(Decrease) Increase in Accounts Payable	(6,006)	1,273	5,917
(Increase) Decrease in Replacement Reserves	0	14,480	(6,685)
Increase in Security Deposits	400	4,400	913
Increase (Decrease) in Accrued Real Estate Taxes	586	(5,766)	(2,632)
Increase in Payable to General Partners	187,754	213,983	194,221
Net Cash Used in Operating Activities	(130,367)	(55,511)	(167,841)
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	117,539	122,886	108,085
Redemption of Investment in Securities	179,974	186,896	193,621
Purchase of Equipment	(2,316)	(14,432)	(2,140)
Net Cash Provided by Investing Activities	295,197	295,350	299,566
Cash Flows from Financing Activities:			
Principal Payment on Debt	(5,742)	(5,367)	(5,113)
Net Cash Used In Financing Activities	(5,742)	(5,367)	(5,113)
Increase in Cash and Cash Equivalents	159,088	234,472	126,612
Cash and Cash Equivalents at Beginning of Year	1,184,578	950,106	823,494
Cash and Cash Equivalents at End of Year	\$1,343,666	\$1,184,578	\$ 950,106
Supplemental Cash Flow Information:	\$ 28,631	\$ 28,373	\$ 29,803
Interest Paid			

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND, LTD.  
(A Florida Limited Partnership)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
March 31, 2003, 2002 AND 2001

NOTE 1 - ORGANIZATION:

Gateway Tax Credit Fund, Ltd. ("Gateway"), a Florida Limited Partnership, was formed October 27, 1987 under the laws of Florida. Operations commenced on June 30, 1988. Gateway invests, as a limited partner, in other limited partnerships ("Project Partnerships"), each of which owns and operates apartment complexes expected to qualify for Low-Income Housing Tax Credits. Gateway will terminate on December 31, 2040 or sooner, in accordance with the terms of the Limited Partnership Agreement. Gateway closed the offering on March 1, 1990 after receiving Limited and General Partner capital contributions of \$25,566,000 and \$1,000, respectively. The fiscal year of Gateway for reporting purposes ends on March 31.

Raymond James Partners, Inc. and Raymond James Tax Credit Funds, Inc., wholly-owned subsidiaries of Raymond James Financial, Inc., are the General Partner and Managing General Partner, respectively. The Managing General Partner manages and controls the business of Gateway.

Operating profits and losses, cash distributions from operations and tax credits are allocated 99% to the Limited Partners and 1% to the General Partners. Profit or loss and cash distributions from sales of properties will be allocated as formulated in the Limited Partnership Agreement.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Combined Statements

The accompanying statements include, on a combined basis, the accounts of Gateway, Village Apartments of Sparta Limited Partnership and Village Apartments of Divernon Limited Partnership ("Combined Entities"), two Project Partnerships in which Gateway has invested. As of October 1, 1996 and October 1, 1997, respectively, an affiliate of Gateway's Managing General Partner, Value Partners, Inc. became the general partner of the Combined Entities. Since the general partner of the Combined Entities is now an affiliate of Gateway, these combined financial statements include the financial activity of the Combined Entities for all years presented. All significant intercompany balances and transactions have been eliminated. Gateway has elected to report the results of operations of the Combined Entities on a 3-month lag basis, consistent with the presentation of financial information of all Project Partnerships.

Basis of Accounting

Gateway utilizes the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when obligations are incurred.

Gateway accounts for its investments as the sole limited partner in Project Partnerships ("Investments in Project Partnerships"), with the exception of the Combined Entities, using the equity method of accounting, because management believes that Gateway does not have a majority control of the major operating and financial policies of the Project Partnerships in which it invests, and reports the equity in losses of the Project Partnerships on a 3-month lag in the Statements of Operations. Under the equity method, the Investments in Project Partnerships initially include:

- 1) Gateway's capital contribution,
- 2) Acquisition fees paid to the General Partner for services rendered in selecting properties for acquisition, and
- 3) Acquisition expenses including legal fees, travel and other miscellaneous costs relating to acquiring properties.

Quarterly the Investments in Project Partnerships are increased or decreased as follows:

- 1) Increased for equity in income or decreased for equity in losses of the Project Partnerships,
- 2) Decreased for cash distributions received from the Project Partnerships and,
- 3) Decreased for the amortization of the acquisition fees and expenses.

Amortization is calculated on a straight-line basis over 35 years, as this is the average estimated useful life of the underlying assets. The net amortization is as amortization expense on the Statements of Operations.

Pursuant to the limited partnership agreements for the Project Partnerships, cash losses generated by the Project Partnerships are allocated to the general partners of those partnerships. In subsequent years, cash profits, if any, are first allocated to the general partners to the extent of the allocation of prior years' cash losses.

Since Gateway invests as a limited partner, and therefore is not obligated to fund losses or make additional capital contributions, it does not recognize losses from individual Project Partnerships to the extent that these losses would reduce the investment in those Project Partnerships below zero. The suspended losses will be used to offset future income from the individual Project Partnerships.

Gateway reviews its investments in Project Partnerships to determine if there has been any permanent impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If the sum of the expected future cash flows is less than the carrying amount of the investment, Gateway recognizes an impairment loss. No impairment loss has been recognized in the accompanying financial statements.

Gateway, as a limited partner in the Project Partnerships, is subject to risks inherent in the ownership of property which are beyond its control, such as fluctuations in occupancy rates and operating expenses, variations in rental schedules, proper maintenance and continued eligibility of tax credits. If the cost of operating a property exceeds the rental income earned thereon, Gateway may deem it in its best interest to voluntarily provide funds in order to protect its investment.

#### Cash and Cash Equivalents

It is Gateway's policy to include short-term investments with an original maturity of three months or less in Cash and Cash Equivalents. Short-term investments are comprised of money market mutual funds.

#### Accounts Receivable

Accounts receivable consist primarily of amounts due from project partnerships for voluntary operating advances made by the Partnership and tenant receivables. The operating advances are non-interest bearing and are due on demand. Tenant receivables are recorded when billed. An allowance for doubtful accounts has not been considered necessary based on historical loss experience. An account is considered past due when payment has not been rendered within thirty days of its due date. Uncollectible receivables are charged to rental revenue when project management has determined that collection efforts will not be successful.

#### Capitalization and Depreciation

Land, buildings and improvements are recorded at cost. Depreciation is calculated using the accelerated method in amounts adequate to amortize costs over the lives of the applicable assets as follows:

Buildings	27-1/2 years
Equipment	7 years

Expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of income.

### Rental Income

Rental income, principally from short-term leases on the Combined Entity's apartment units, is recognized as income under the accrual method as the rents become due.

### Concentrations of Credit Risk

Financial instruments which potentially subject Gateway to concentrations of credit risk consist of cash investments in a money market mutual fund that is a wholly-owned subsidiary of Raymond James Financial, Inc.

### Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates that affect certain reported amounts and disclosures. These estimates are based on management's knowledge and experience. Accordingly, actual results could differ from these estimates.

### Investment in Securities

Effective April 1, 1995, Gateway adopted Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities ("FAS 115"). Under FAS 115, Gateway is required to categorize its debt securities as held-to-maturity, available-for-sale or trading securities, dependent upon Gateway's intent in holding the securities. Gateway's intent is to hold all of its debt securities (U. S. Treasury Security Strips) until maturity and to use these reserves to fund Gateway's ongoing operations. Interest income is recognized ratably on the U.S. Treasury Strips using the effective yield to maturity.

### Income Taxes

No provision for income taxes has been made in these financial statements, as income taxes are a liability of the partners rather than of Gateway.

### Reclassifications

For comparability, the 2001 and 2002 figures have been reclassified, where appropriate, to conform with the financial statement presentation used in 2003.

### Recent Accounting Pronouncements

In August 2001, the Financial Accounting Standards Board issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 provides accounting guidance for financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS No. 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of". SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. The Partnership adopted SFAS No. 144 effective January 1, 2002. The adoption did not have an effect on the financial position or results of operations of the Partnership.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN46"), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN46 must be applied for the first interim or annual period beginning after June 15, 2003. The Partnership is currently evaluating the effect, if any, that the adoption of FIN46 will have on its results of operations and financial condition.



#### NOTE 3 - INVESTMENT IN SECURITIES:

The March 31, 2003 Balance Sheet includes Investments in Securities equal to \$616,048 (\$487,057 and \$128,991). These investments consist of U. S. Treasury Security Strips at their cost, plus accreted interest income of \$382,920. The estimated market value at March 31, 2003 of these debt securities is \$649,229 resulting in a gross unrealized gain of \$33,181.

As of March 31, 2003, the cost and accreted interest by contractual maturities is as follows:

Due within 1 year	\$ 487,057
After 1 year through 5 years	128,991
	-----
Total Amount Carried on Balance Sheet	\$616,048
	=====

#### NOTE 4 - RELATED PARTY TRANSACTIONS:

The Payable to General Partners primarily represents the asset management fees owed to the General Partners at the end of the period. It is unsecured, due on demand and, in accordance with the limited partnership agreement, non-interest bearing. Within the next 12 months, the Managing General Partner does not intend to demand payment on the portion of Asset Management Fees payable classified as long-term on the Balance Sheet.

The General Partners and affiliates are entitled to compensation and reimbursement for costs and expenses as follows:

Asset Management Fee - The Managing General Partner is entitled to an annual asset management fee equal to 0.45% of the aggregate cost of Gateway's interest in the projects owned by the Project Partnerships. The asset management fee will be paid only after all other expenses of Gateway have been paid. These fees are included in the Statements of Operations. Totals incurred for the years ended March 31, 2003, 2002 and 2001 were \$491,021, \$493,205 and \$494,898 respectively.

General and Administrative Expenses - Raymond James Tax Credit Funds, Inc., the Managing General Partner, is reimbursed for general and administrative expenses of Gateway on an accountable basis. These expenses are included in the Statements of Operations. Totals incurred for the years ended March 31, 2003, 2002 and 2001 were \$68,891, \$45,714 and \$36,934 respectively.

#### NOTE 5 - RENTAL PROPERTY

A summary of the rental property is as follows at December 31, 2002:

	Cost	Accumulated Depreciation	Book Value
	-----	-----	-----
Land	\$ 47,000	\$ 0	\$ 47,000
Buildings	1,439,355	687,985	751,460
Furniture and Appliances	50,768	49,802	966
	-----	-----	-----
Net Book Value	\$1,537,123	\$737,697	\$799,426
	=====	=====	=====

A summary of the rental property is as follows at December 31, 2001:

	Cost	Accumulated Depreciation	Book Value
	-----	-----	-----
Land	\$ 47,000	\$ 0	\$ 47,000
Buildings	1,437,039	630,496	806,543
Furniture and Appliances	50,768	48,072	2,696
	-----	-----	-----
Net Book Value	\$1,534,807	\$678,568	\$856,239
	=====	=====	=====

#### NOTE 6 - MORTGAGE NOTE PAYABLE

The mortgage note payable for Sparta originated on December 1, 1998 in the amount of \$843,253. The loan is at a stated interest rate of 6.125% for a period of 50 years, the loan also contains a provision for an interest subsidy which reduces the effective interest rate to 2.325%. At December 31, 2002 the development was in compliance with the terms of the subsidy agreement and is receiving the reduced rate which makes the monthly payments \$1,925.75.

Expected maturities of the mortgage note payable are as follows:

Year Ending	Amount
-----	-----
12/31/03	4,332
12/31/04	4,431
12/31/05	4,533
12/31/06	4,637
12/31/07	4,744
Thereafter	804,684
	-----
Total	\$ 827,361
	=====

The mortgage note payable for Divernon originated on October 2, 1989 in the amount of \$416,113. The loan is at a stated interest rate of 8.75% for a period of 50 years, the loan also contains a provision for an interest subsidy which reduces the effective interest rate to 2.35%. At December 31, 2002 the development was in compliance with the terms of the subsidy agreement and is receiving the reduced rate which makes the monthly payment \$883, including principal and interest.

Expected maturities of the mortgage note payable are as follows:

Year Ending	Amount
-----	-----
12/31/03	1,521
12/31/04	1,556
12/31/05	1,591
12/31/06	1,627
12/31/07	1,664
Thereafter	395,900
	-----
Total	\$ 403,859
	=====

NOTE 7 - TAXABLE INCOME (LOSS):

The following is a reconciliation between Net Loss as described in the financial statements and the Partnership loss for tax purposes:

	2003 ----	2002 ----	2001 ----
Net Loss per Financial Statements	\$ (771,799)	\$ (577,139)	\$ (787,797)
Equity in Losses of Project Partnerships for tax purposes in excess of losses for financial statement purposes	(528,030)	(440,421)	(497,469)
Losses suspended for financial reporting purposes	(2,297,126)	(2,149,829)	(2,229,486)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	32,752	(14,303)	20,807
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	180,883	178,607	180,190
Amortization Expense	12,987	17,074	12,624
Miscellaneous Income	(95,741)	(67,493)	(75,149)
	-----	-----	-----
Partnership loss for tax purposes as of December 31	\$ (3,466,074) =====	\$ (3,053,504) =====	\$ (3,376,280) =====
	December 31, 2002	December 31, 2001	December 31, 2000
	-----	-----	-----
Federal Low Income Housing Tax Credits (Unaudited)	\$ 63,771 =====	\$ 126,423 =====	\$ 1,000,167 =====

The Partnership's Investment in Project Partnerships is approximately \$21,464,885 higher for financial reporting purposes than for tax return purposes because (i) annual tax depreciation expense is higher than financial depreciation, (ii) certain expenses are not deductible for tax return purposes and (iii) losses are suspended for financial purposes but not for tax return purposes.

The differences in the assets and liabilities of the Fund for financial reporting purposes and tax reporting purposes for the year ended March 31, 2003 are as follows:

	Financial Reporting Purposes	Tax Reporting Purposes	Differences
Investments in Local Limited Partnerships	\$ 1,531,068	\$ (19,933,817)	\$21,464,885
Other Assets	\$ 2,803,789	\$ 2,054,098	\$ 749,691
Liabilities	\$ 4,825,539	\$ 25,813	\$ 4,799,726

NOTE 8 - INVESTMENTS IN PROJECT PARTNERSHIPS:

As of March 31, 2003, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 80 Project Partnerships, excluding the Combined Entities, which own and operate government assisted multi-family housing complexes.

Cash flows from operations are allocated according to each Partnership agreement. Upon dissolution proceeds will be distributed according to each Partnership agreement.

The following is a summary of Investments in Project Partnerships, excluding the Combined Entities at March 31, 2003:

	MARCH 31, 2003	MARCH 31, 2002
	-----	-----
Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships	\$ 17,981,016	\$ 17,982,007
Cumulative equity in losses of Project Partnerships (1)	(17,421,476)	(17,167,549)
Cumulative distributions received from Project Partnerships	(722,105)	(689,238)
	-----	-----
Investment in Project Partnerships before Adjustments	(162,565)	125,220
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	2,254,715	2,254,715
Accumulated amortization of acquisition fees and expenses	(561,082)	(547,439)
	-----	-----
Investments in Project Partnerships	\$ 1,531,068	\$ 1,832,496
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$15,252,541 for the year ended March 31, 2003 and cumulative suspended losses of \$12,955,415 for the year ended March 31, 2002 are not included.

The Partnership's equity as reflected by the Project Partnerships of (\$16,014,227) differs from the Partnership's Investments in Project Partnerships before acquisition fees and expenses and amortization of \$(162,565) primarily because of suspended losses on the Partnership's books.

NOTE 8 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

In accordance with the Partnership's policy of presenting the financial information of the Project Partnerships, excluding the Combined Entity beginning on the date of combination, on a three month lag, below is the summarized financial information for the Series' Project Partnerships as of December 31 of each year:

	2002 ----	2001 ----	2000 ----
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	\$ 9,348,657	\$ 10,050,606	\$ 9,905,902
Investment properties, net	66,172,723	69,169,728	72,336,478
Other assets	635,392	77,652	83,227
	-----	-----	-----
Total assets	\$76,156,772	\$79,297,986	\$82,325,607
	=====	=====	=====
Liabilities and Partners' Equity:			
Current liabilities	\$ 3,391,498	\$ 3,208,272	\$ 3,306,568
Long-term debt	90,589,956	91,074,428	91,449,102
	-----	-----	-----
Total liabilities	93,981,454	94,282,700	94,755,670
	-----	-----	-----
Partners' equity			
Gateway	(16,014,227)	(13,287,923)	(10,818,892)
General Partners	(1,810,455)	(1,696,791)	(1,611,171)
	-----	-----	-----
Total Partners' equity	(17,824,682)	(14,984,714)	(12,430,063)
	-----	-----	-----
Total liabilities and partners' equity	\$76,156,772	\$79,297,986	\$82,325,607
	=====	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	\$16,709,384	\$16,980,398	\$16,500,621
Expenses:	-----	-----	-----
Operating expenses	9,171,835	8,740,917	8,420,104
Interest expense	6,606,103	7,095,362	7,161,879
Depreciation and amortization	3,508,268	3,520,633	3,540,410
	-----	-----	-----
Total expenses	19,286,206	19,356,912	19,122,393
	-----	-----	-----
Net loss	\$ (2,576,822)	\$ (2,376,514)	\$ (2,621,772)
	=====	=====	=====
Other partners' share of net loss	\$ (25,769)	\$ (23,765)	\$ (26,217)
	=====	=====	=====
Partnerships' share of net loss	\$ (2,551,053)	\$ (2,352,749)	\$ (2,595,555)
Suspended losses	2,297,126	2,149,829	2,229,486
	-----	-----	-----
Equity in Losses of Project Partnerships	\$ (253,927)	\$ (202,920)	\$ (366,069)
	=====	=====	=====

As of December 31, 2002, the largest Project Partnership constituted 7.2% and 7.4% of the combined total assets and combined total revenues. As of December 31, 2001, the largest Project Partnership constituted 7.2% and 8.0% of the combined total assets and combined total revenues.

NOTE 9 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED):

<u>Year 2003</u>	<u>Quarter 1</u> <u>6/30/2002</u>	<u>Quarter 2</u> <u>9/30/2002</u>	<u>Quarter 3</u> <u>12/31/2002</u>	<u>Quarter 4</u> <u>3/31/2003</u>
Total Revenues	\$ 98,586	\$ 59,651	\$ 62,912	\$ 134,857
Net Income (Loss)	\$ (171,285)	\$ (192,001)	\$ (170,835)	\$ (237,678)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (6.63)	\$ (7.43)	\$ (6.62)	\$ (9.21)

<u>Year 2002</u>	<u>Quarter 1</u> <u>6/30/2001</u>	<u>Quarter 2</u> <u>9/30/2001</u>	<u>Quarter 3</u> <u>12/31/2001</u>	<u>Quarter 4</u> <u>3/31/2002</u>
Total Revenues	\$ 70,609	\$ 68,513	\$ 63,363	\$ 209,520
Net Income (Loss)	\$ (128,153)	\$ (201,694)	\$ (273,301)	\$ 26,009
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (4.96)	\$ (7.81)	\$ (10.58)	\$ 1.00

NOTE 10 - SUBSEQUENT EVENTS

In 2003, the General Partner initiated the process of selling Clayfed Apartments, Ltd. and Westside Apartments, Ltd. These two project partnerships consist of four buildings containing 84 units located in Denver, Colorado. As of the financial statement date, the properties have not been sold.

Schoonover Boyer & Associates  
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## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Crosstown Seniors Limited Dividend  
Housing Association Limited Partnership  
(a Michigan Limited Partnership)  
Kalamazoo, Michigan

We have audited the accompanying balance sheets of Crosstown Seniors Limited Dividend Housing Association Limited Partnership, (a Michigan Limited Partnership) as of December 31, 2002 and 2001, and the related statements of operations, statements of partners' equity (deficit), statements of cash flows for the years then ended. These financial statements are the responsibility of the Partnership's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crosstown Seniors Limited Dividend Housing Association Limited Partnership as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Schoonover Boyer & Associates

Columbus, Ohio  
January 24, 2003

Feldhake & Associates, P.C.  
Certified Public Accountants  
5675 DTC Blvd., Suite 250  
Englewood, CO 80111  
PHONE: 303-694-8822  
FAX: 303-771-9232

## INDEPENDENT AUDITORS' REPORT

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The Partners  
Clayfed Apartments Ltd.  
Denver, Colorado

We have audited the accompanying balance sheet of Clayfed Apartments, Ltd. dba Clayfed Apartments (FHA Project No. 101-94010) (the Project) as of December 31, 2002 and 2001 and the related statements of income, changes in partners' capital, and cash flows for the year then ended. The financial statements are the responsibility of the Project's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clayfed Apartments, Ltd. as of December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated January 17, 2003, on our consideration of the Project's internal control and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of this audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supporting information included in the report shown on pages 14 to 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Project. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ Feldhake & Associates, P.C.

Greenwood Village, Colorado  
January 17, 2003



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Certified Public Accountants  
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Englewood, CO 80111  
PHONE: 303-694-8822  
FAX: 303-771-9232

## INDEPENDENT AUDITORS' REPORT

---

The Partners  
Westside Apartments, Ltd.  
Denver, Colorado

We have audited the accompanying balance sheet of Westside Apartments, Ltd. dba Westside Apartments (FHA Project No. 101-94009 Project) as of December 31, 2002 and 2001 and the related statements of income, changes in partners' capital, and cash flows for the year then ended. These financial statements are the responsibility of the Project's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require us to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westside Apartments, Ltd. dba Westside Apartments as of December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated January 24, 2003, on our consideration of the Project's internal control and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supporting information included in the report shown on pages 14 to 16 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the Project. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ Feldhake & Associates, P.C.

Greenwood Village, Colorado  
January 24, 2003

Fentress, Brown, CPAs & Associates, LLC  
8001 Ravines Edge Court, Suite 112  
Columbus OH 43235-5421  
PHONE: 614-825-0011  
FAX: 614-825-0014

## INDEPENDENT AUDITORS' REPORT

To the Partners of  
Madison, Ltd.  
DBA Madison Woods Apartments  
Ravenna, Ohio

Rural Housing Service  
Servicing Office  
Wooster, Ohio

We have audited the accompanying balance sheets of Madison, Ltd. (a limited partnership), DBA Madison Woods Apartments, Case No. 41-043-341595553, as of December 31, 2002 and 2001, and the related statements of income, changes in partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program" issued in December 1989. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, the evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Madison, Ltd., DBA Madison Woods Apartments, Case No. 41-043-341595553, at December 31, 2002 and 2001, and the results of its operations, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program", issued in December 1989, we have also issued a report dated January 24, 2003, on our consideration of Madison, Ltd.'s internal control and on compliance with specific requirements applicable to Rural Housing Service Programs. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Fentress, Brown, CPAs & Associates, LLC  
Certified Public Accountants  
Columbus, Ohio  
January 24, 2003

Fentress, Brown, CPAs & Associates, LLC  
8001 Ravines Edge Court, Suite 112  
Columbus, OH 43235-5421  
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FAX: 614-825-0014

INDEPENDENT AUDITORS' REPORT

To the Partners of  
Middlefield, Limited  
DBA Lakeview Village II  
Ravenna, Ohio

Rural Housing Service  
Servicing Office  
Wooster, Ohio

We have audited the accompanying balance sheets of Middlefield, Limited (a limited partnership), DBA Lakeview Village II, Case No. 41-028-341618469, as of December 31, 2002 and 2001, and the related statements of income, changes in partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program" issued in December 1989. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Middlefield, Limited, DBA Lakeview Village II, Case No. 41-028-341618469, at December 31, 2002 and 2001, and the results of its operations, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program," issued in December 1989, we have also issued a report dated January 24, 2003, on our consideration of Middlefield, Limited's internal control and on compliance with specific requirements applicable to Rural Housing Service Programs. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Fentress, Brown, CPAs & Associates, LLC  
Certified Public Accountants  
Columbus, Ohio  
January 24, 2003

Henderson & Godbee, P.C.  
3488 N. Valdosta Road - P.O. Box 2241  
Valdosta, GA 31604-2241  
PHONE: 229-245-6040  
FAX: 229-245-1669

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Ashburn Housing Ltd.  
Valdosta, Georgia

We have audited the accompanying balance sheets of Ashburn Housing, Ltd. (a Limited Partnership), Federal ID No.: 58-1830643, as of December 31, 2002 and 2001, and the related statements of income, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ashburn Housing, Ltd. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 23, 2003 on our consideration of Ashburn Housing, Ltd.'s internal control structure and a report dated January 23, 2003 on its compliance with laws and regulations. There reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

/s/ Henderson & Godbee, P.C.  
Certified Public Accountants

January 23, 2003

Henderson & Godbee, P.C.  
3488 N. Valdosta Road - P.O. Box 2241  
Valdosta, GA 31604-2241  
PHONE: 229-245-6040  
FAX: 229-245-1669

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Buena Vista Housing, Ltd.  
Valdosta, Georgia

We have audited the accompanying balance sheets of Buena Vista Housing, Ltd. (a Limited Partnership), Federal ID No.: 58-1830642, as of December 31, 2002 and 2001, and the related statements of income, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Buena Vista Housing, Ltd. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 23, 2003 on our consideration of Buena Vista Housing Ltd.'s internal control structure and a report dated January 23, 2003 on its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

/s/ Henderson & Godbee, P.C.  
Certified Public Accountants

January 23, 2003

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Valdosta, GA 31604-2241  
PHONE: 229-245-6040  
FAX: 229-245-1669

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Cuthbert Elderly Housing, Ltd.  
Valdosta, Georgia

We have audited the accompanying balance sheets of Cuthbert Elderly Housing, Ltd. (a limited partnership), Federal ID No.: 58-1830589, as of December 31, 2002 and 2001, and the related statements of income, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cuthbert Elderly Housing, Ltd. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 23, 2003 on our consideration of Cuthbert Elderly Housing Ltd.'s internal control structure and a report dated January 23, 2003 on its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

/s/ Henderson & Godbee, P.C.  
Certified Public Accountants

January 23, 2003

Henderson & Godbee, P.C.  
3488 N. Valdosta Road - P.O. Box 2241  
Valdosta, GA 31604-2241  
PHONE: 229-245-6040  
FAX: 229-245-1669

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Hannah's Mill Apartments, Ltd.  
Valdosta, Georgia

We have audited the accompanying balance sheets of Hannah's Mill Apartments, Ltd. (a limited partnership), Federal ID No.: 58-1786726, as of December 31, 2002 and 2001, and the related statements of income, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hannah's Mill Apartments, Ltd. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with auditing standards generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 23, 2003 on our consideration of Hannah's Mill Apartments, Ltd.'s internal control structure and a report dated January 23, 2003 on its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

/s/ Henderson & Godbee, P.C.  
Certified Public Accountants

January 23, 2003

Habif, Arogeti & Wynne, LLP  
5565 Glenridge Connector, Suite 200  
Atlanta, GA 30342  
PHONE: 404-892-9651  
FAX: 404-876-3913

## INDEPENDENT AUDITORS' REPORT

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To the Partners of  
Milton Elderly Housing, Ltd., L.L.L.P.

We have audited the accompanying balance sheets of MILTON ELDERLY HOUSING, LTD., L.L.L.P. (USDA Rural Development Case No.09-057-592911560), a limited partnership, as of December 31, 2002 and 2001, and the related statements of operations, changes in partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration's Audit Program. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MILTON ELDERLY HOUSING, LTD., L.L.L.P. as of December 31, 2002 and 2001, and the results of its operations, its changes in partner's equity (deficit), and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, issued by the Comptroller General of the United States, we have also issued our report dated January 31, 2003, on our consideration of MILTON ELDERLY HOUSING, LTD. L.L.L.P.'s internal control and a report dated January 31, 2003, on its compliance with laws and regulations applicable to the financial statements. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 14 through 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Habif, Arogeti & Wynne, LLP

Atlanta, Georgia  
January 31, 2003



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3488 N. Valdosta Road - P.O. Box 2241  
Valdosta, GA 31604-2241  
PHONE: 229-245-6040  
FAX: 229-245-1669

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Winder Apartments, Ltd.  
Valdosta, Georgia

We have audited the accompanying balance sheets of Winder Apartments, Ltd. (A Limited Partnership), Federal ID No.: 58-1786693, as of December 31, 2002 and 2001, and the related statements of income, partners' (deficit) and cash flows for the years then ended. The financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Winder Apartments, Ltd. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 23, 2003 on our consideration of the Winder Apartments, Ltd.'s internal control structure and a report dated January 23, 2003 on its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

/s/ Henderson & Godbee, P.C.  
Certified Public Accountants

January 23, 2003

Donald W. Causey & Associates, P.C.  
516 Walnut Street - P.O. Box 775  
Gadsden, AL 35902  
PHONE: 256-543-3707  
FAX: 256-543-9800

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Sylacauga Garden Apartments III, Ltd.  
Sylacauga, Alabama

We have audited the accompanying balance sheets of Sylacauga Garden Apartments III, Ltd., a limited partnership, RHS Project No.: 01-061-630953708 as of December 31, 2002 and 2001, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted the audits in accordance with auditing standards generally accepted in the United States of American and *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sylacauga Garden Apartments III, Ltd., RHS Project No.:01-061-630953708 as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 10 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information presented in the Multiple Family Housing Borrower Balance Sheet (Form FmHA 1930-8) Parts I and II for the year ended December 31, 2002 and 2001, is presented for purposes of complying with the requirements of the Rural Housing Services and is also not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 27, 2003 on our consideration of Sylacauga Garden Apartments III, Ltd.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations.

/s/ Donald W. Causey & Associates, P.C.  
Certified Public Accountants

Gadsden, Alabama  
February 27, 2003

Paillet, Meunier and LeBlanc, L.L.P.  
3421 N. Causeway Blvd., Suite 701  
Metairie, LA 70002  
PHONE: 504-837-0770  
FAX: 504-837-7102

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
RIVER ROAD APARTMENTS LIMITED

We have audited the accompanying balance sheets of RIVER ROAD APARTMENTS LIMITED, RHS PROJECT NO. 22-026-721099603 as of December 31, 2002 and 2001 and the related statements of operations, changes in partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RIVER ROAD APARTMENTS LIMITED as of December 31, 2002 and 2001 and the results of its operations, changes in partners' equity and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information presented on pages 16 through 26, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 11, 2003 on our consideration of RIVER ROAD APARTMENTS LIMITED's internal control and a report dated March 11, 2003 on its compliance with laws and regulations applicable to the financial statements.

/s/ Paillet, Meunier and LeBlanc, L.L.P.  
Certified Public Accountants

Metairie, Louisiana  
March 11, 2003

Baird, Kurtz, & Dobson, LLP  
5000 Rogers Avenue, Suite 700  
Fort Smith, AR 72903-2079  
PHONE: 479-452-1040  
FAX: 479-452-5542

## INDEPENDENT AUDITORS' REPORT

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### Partners

Garden Walk of Augusta

A Division of Augusta Properties (A Limited Partnership)

Fort Smith, Arkansas

We have audited the accompanying balance sheets of Garden Walk of Augusta, A Division of Augusta Properties (A Limited Partnership) as of December 31, 2002 and 2001, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Garden Walk of Augusta, A Division of Augusta Properties, (A Limited Partnership) as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2003, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Baird, Kurtz, & Dobson, LLP

February 5, 2003

Baird, Kurtz, & Dobson, LLP  
5000 Rogers Avenue, Suite 700  
Fort Smith, AR 72903-2079  
PHONE: 479-452-1040  
FAX: 479-452-5542

## INDEPENDENT AUDITORS' REPORT

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Partners  
Booneville Properties, A Limited Partnership  
D/B/A Garden Walk of Booneville  
Fort Smith, Arkansas

We have audited the accompanying balance sheets of Booneville Properties, A Limited Partnership, D/B/A Garden Walk of Booneville as of December 31, 2002 and 2001, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Booneville Properties, A Limited Partnership, D/B/A Garden Walk of Booneville as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2003, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Baird, Kurtz, & Dobson, LLP

February 5, 2003

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5000 Rogers Avenue, Suite 700  
Fort Smith, AR 72903-2079  
PHONE: 479-452-1040  
FAX: 479-452-5542

## INDEPENDENT AUDITORS' REPORT

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Partners  
Barling Properties, A Limited Partnership  
D/B/A Barling Place Apartments  
Fort Smith, Arkansas

We have audited the accompanying balance sheets of Barling Properties, A Limited Partnership, D/B/A Barling Place Apartments as of December 31, 2002 and 2001, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Barling Properties, A Limited Partnership, D/B/A Barling Place Apartments as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2003, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Baird, Kurtz, & Dobson, LLP

February 5, 2003

Baird, Kurtz, & Dobson, LLP  
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Fort Smith, AR 72903-2079  
PHONE: 479-452-1040  
FAX: 479-452-5542

## INDEPENDENT AUDITORS' REPORT

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### Partners

Poteau Properties IV, A Limited Partnership  
D/B/A El Conquistador Apartments  
Fort Smith, Arkansas

We have audited the accompanying balance sheets of Poteau Properties IV, A Limited Partnership, D/B/A El Conquistador Apartments as of December 31, 2002 and 2001, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Poteau Properties IV, A Limited Partnership, D/B/A El Conquistador Apartments as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2003, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Baird, Kurtz, & Dobson, LLP

February 5, 2003

Baird, Kurtz, & Dobson, LLP  
5000 Rogers Avenue, Suite 700  
Fort Smith, AR 72903-2079  
PHONE: 479-452-1040  
FAX: 479-452-5542

## INDEPENDENT AUDITORS' REPORT

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### Partners

Turtle Creek Properties Phase II, A Limited Partnership  
D/B/A Mill Creek III Apartments  
Fort Smith, Arkansas

We have audited the accompanying balance sheets of Turtle Creek Properties Phase II, A Limited Partnership, D/B/A Mill Creek III Apartments as of December 31, 2002 and 2001, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Turtle Creek Properties Phase II, A Limited Partnership, D/B/A Mill Creek III Apartments as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2003, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Baird, Kurtz, & Dobson, LLP

February 5, 2003



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FAX: 479-452-5542

## INDEPENDENT AUDITORS' REPORT

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Partners  
Broken Bow Properties II, A Limited Partnership  
D/B/A Oakwood Village II Apartments  
Fort Smith, Arkansas

We have audited the accompanying balance sheets of Broken Bow Properties II, A Limited Partnership, D/B/A Oakwood Village II Apartments as of December 31, 2002 and 2001, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Broken Bow Properties II, A Limited Partnership, D/B/A Oakwood Village II Apartments as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2003, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Baird, Kurtz, & Dobson, LLP

February 5, 2003

LaFollette, Jansa, Brandt & Co. LLP  
P.O. Box 945 - 622 S. Minnesota Avenue  
Sioux Falls, SD 57101-0945  
PHONE: 605-336-0935  
FAX: 605-336-0983

## INDEPENDENT AUDITORS' REPORT

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Partners of Lakewood Apartments Limited Partnership  
Project Number 32-060-470717466

We have audited the accompanying balance sheets of Lakewood Apartments Limited Partnership, Project Number 32-060-470717466 as of December 31, 2002 and 2001 and the related statements of operations, changes in partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with U.S. generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Rural Development *Audit Program*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lakewood Apartments Limited Partnership as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 12, 2003, on our consideration of internal controls over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

/s/ LaFollette, Jansa, Brandt & Co. LLP  
Certified Public Accountants & Consultants

Sioux Falls, South Dakota  
February 12, 2003

Henderson & Godbee, P.C.  
3488 N. Valdosta Road  
P.O. Box 2241  
Valdosta, GA 31604-2241  
PHONE: 229-245-6040  
FAX: 229-245-1669

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Monroe Family, Ltd.  
Valdosta, Georgia

We have audited the accompanying balance sheets of Monroe Family, Ltd. (a Georgia limited partnership), Federal ID No. 58-1768407, as of December 31, 2002 and 2001, and the related statements of operations, changes in partners' (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monroe Family, Ltd. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 16, 2003 on our consideration of the Monroe Family, Ltd.'s internal control structure and a report dated January 16, 2003 on its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

/s/ Henderson & Godbee, P.C.  
Certified Public Accountants

January 16, 2003

Regardie, Brooks & Lewis  
7101 Wisconsin Avenue, Suite 1012  
Bethesda, MD 20814  
PHONE: 301-654-9000  
FAX: 301-656-3056

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Brandywine III, LLLP  
Bethesda, Maryland

We have audited the accompanying balance sheets of Brandywine III, LLLP as of December 31, 2002 and 2001, and the related statements of income, changes in partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brandywine III, LLLP as of December 31, 2002 and 2001, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated March 14, 2003 on our consideration of Brandywine III, LLLP's internal control and on its compliance with laws and regulations.

/s/ Regardie, Brooks & Lewis  
Certified Public Accountants

March 14, 2003

Regardie, Brooks & Lewis  
7101 Wisconsin Avenue, Suite 1012  
Bethesda, MD 20814  
PHONE: 301-654-9000  
FAX: 301-656-3056

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Concord IV, LLLP  
Bethesda, Maryland

We have audited the accompanying balance sheets of Concord IV, LLLP as of December 31, 2002 and 2001, and the related statements of income, changes in partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concord IV, LLLP as of December 31, 2002 and 2001, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated March 14, 2003 on our consideration of Concord IV, LLLP's internal control and on its compliance with laws and regulations.

/s/ Regardie, Brooks & Lewis  
Certified Public Accountants

March 14, 2003

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7101 Wisconsin Avenue, Suite 1012  
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PHONE: 301-654-9000  
FAX: 301-656-3056

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Dunbarton Oaks III, LLLP  
Bethesda, Maryland

We have audited the accompanying balance sheets of Dunbarton Oaks III, LLLP as of December 31, 2002 and 2001, and the related statements of income, changes in partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dunbarton Oaks III, LLLP as of December 31, 2002 and 2001, and the results of its operations, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated March 14, 2003 on our consideration of Dunbarton Oaks III, LLLP's internal control and on its compliance with laws and regulations.

/s/ Regardie, Brooks & Lewis  
Certified Public Accountants

March 14, 2003

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7101 Wisconsin Avenue, Suite 1012  
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PHONE: 301-654-9000  
FAX: 301-656-3056

## INDEPENDENT AUDITORS' REPORT

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To the Partners,  
Federal Manor III, LLLP  
Bethesda, Maryland

We have audited the accompanying balance sheets of Federal Manor III, LLLP as of December 31, 2002 and 2001, and the related statements of income, changes in partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Federal Manor III, LLLP as of December 31, 2002 and 2001, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated March 14, 2003, on our consideration of Federal Manor III, LLLP's internal control and on its compliance with laws and regulations.

/s/ Regardie, Brooks & Lewis  
Certified Public Accountants

March 14, 2003

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7101 Wisconsin Avenue, Suite 1012  
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PHONE: 301-654-9000  
FAX: 301-656-3056

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Laurel Apartments, LLLP  
Bethesda, Maryland

We have audited the accompanying balance sheets of Laurel Apartments, LLLP as of December 31, 2002 and 2001, and the related statements of income, changes in partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Laurel Apartments, LLLP as of December 31, 2002 and 2001, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated March 14, 2003 on our consideration of Laurel Apartments, LLLP's internal control and on its compliance with laws and regulations.

/s/ Regardie, Brooks & Lewis  
Certified Public Accountants

March 14, 2003



Grana & Teibel, CPAs, P.C.  
300 Corporate Parkway, Suite 116 N.  
Amherst, NY 14226-1258  
PHONE: 716-862-4270  
FAX: 716-862-0007

## INDEPENDENT AUDITORS' REPORT

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To the Partners of  
Middleport Limited Partnership  
Case No. 37-032-161338763  
and  
RD Rural Housing Director  
166 Washington Avenue  
Batavia, New York 14020

We have audited the accompanying balance sheets of Middleport Limited Partnership as of December 31, 2002 and 2001, and the related statements of operations, partners' capital (deficiency), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Middleport Limited Partnership as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated January 24, 2003, on our consideration of Middleport Limited Partnership's internal control structure and a report dated January 24, 2003, on its compliance with laws and regulations.

/s/ Grana & Teibel, CPAs, P.C.  
Certified Public Accountants

January 24, 2003

Bernard Robinson & Company, L.L.P.  
109 Muirs Chapel Road  
P.O. Box 19608  
Greensboro, NC 27419-9608  
PHONE: 336-294-4494  
FAX: 336-547-0840

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Kenly Housing Associates  
Charlotte, North Carolina

We have audited the accompanying balance sheets of Kenly Housing Associates (a North Carolina limited partnership) as of December 31, 2002 and 2001, and the related statements of operations, partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kenly Housing Associates as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2003, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Bernard Robinson & Company, L.L.P.  
Certified Public Accountants

January 31, 2003

Duggan, Joiner & Company  
334 N.W. Third Avenue  
Ocala, FL 34475  
PHONE: 352-732-0171  
FAX: 352-867-1370

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Oakwood Grove, Ltd.

We have audited the accompanying basic financial statements of Oakwood Grove, Ltd., as of and for the years ended December 31, 2002 and 2001, as listed in the table of contents. These basic financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Oakwood Grove, Ltd. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2003 on our consideration of Oakwood Grove, Ltd.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information presented on pages 10 to 15 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The information on pages 10 to 14 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information on page 15, which is of a non-accounting nature, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and we express no opinion on it.

/s/ Duggan, Joiner & Company  
Certified Public Accountants

January 24, 2003

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334 N.W. Third Avenue  
Ocala, FL 34475  
PHONE: 352-732-0171  
FAX: 352-867-1370

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Sandhill Forest, Ltd.

We have audited the accompanying basic financial statements of Sandhill Forest, Ltd., as of and for the years ended December 31, 2002 and 2001, as listed in the table of contents. These basic financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Sandhill Forest, Ltd. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2003 on our consideration of Sandhill Forest, Ltd.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information presented on pages 10 to 17 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The information on pages 10 to 16 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information on page 17, which is of a non-accounting nature, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and we express no opinion on it.

/s/ Duggan, Joiner & Company  
Certified Public Accountants

January 24, 2003

Dauby O'Connor & Zaleski LLC  
703 Pro Med Lane, Suite 300  
Carmel, IN 46032  
PHONE: 317-848-5700  
FAX: 317-815-6140

## INDEPENDENT AUDITORS' REPORT

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To the Partners of  
Laurel Woods Associates  
(A Virginia Limited Partnership)

We have audited the accompanying balance sheets of Laurel Woods Associates as of December 31, 2002 and 2001, and the related statements of profit and (loss), changes in partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated February 13, 2003 on our consideration of the Partnership's internal control and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Dauby O'Connor & Zaleski LLC  
Certified Public Accountants

February 13, 2003  
Carmel, Indiana

Dauby O'Connor & Zaleski LLC  
703 Pro Med Lane, Suite 300  
Carmel, IN 46032  
PHONE: 317-848-5700  
FAX: 317-815-6140

## INDEPENDENT AUDITORS' REPORT

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To the Partners of  
The Meadows Associates  
(A Virginia Limited Partnership)

We have audited the accompanying balance sheets of The Meadows Associates as of December 31, 2002 and 2001, and the related statements of profit and (loss), changes in partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 13, 2003, on our consideration of the Partnership's internal control and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Dauby O'Connor & Zaleski LLC  
Certified Public Accountants

February 13, 2003  
Carmel, Indiana

Dauby O'Connor & Zaleski LLC  
703 Pro Med Lane, Suite 300  
Carmel, IN 46032  
PHONE: 317-848-5700  
FAX: 317-815-6140

## INDEPENDENT AUDITORS' REPORT

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To the Partners of  
Rivermeade Associates  
(A Virginia Limited Partnership)

We have audited the accompanying balance sheets of Rivermeade Associates as of December 31, 2002 and 2001, and the related statements of profit and (loss), changes in partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated February 13, 2003, on our consideration of the Partnership's internal control and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit as conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Dauby O'Connor & Zaleski LLC  
Certified Public Accountants

February 13, 2003  
Carmel, Indiana

Thomas C. Cunningham, CPA PC  
23 Moore Street  
Bristol, VA 24201  
PHONE: 276-669-5531  
FAX: 276-669-5576

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Greeneville Limited Partnership

I have audited the accompanying balance sheets of Greeneville Limited Partnership as of December 31, 2002 and 2001, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greeneville Limited Partnership as of December 31, 2002 and 2001, and the results of its operations, changes in partners' deficit, and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 15, 2003 on my consideration of Greeneville Limited Partnership's internal control over financial reporting and on my tests of its compliance with certain provisions of laws and regulations.

/s/ Thomas C. Cunningham, CPA PC

February 15, 2003



Thomas C. Cunningham, CPA PC  
23 Moore Street  
Bristol, VA 24201  
PHONE: 276-669-5531  
FAX: 276-669-5576

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Pulaski Village Limited Partnership

I have audited the accompanying balance sheets of Pulaski Village Limited Partnership as of December 31, 2002 and 2001, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pulaski Village Limited Partnership as of December 31, 2002 and 2001, and the results of its operations, changes in partners' deficit, and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 15, 2003 on my consideration of Pulaski Village Limited Partnership's internal control over financial reporting and on my tests of its compliance with certain provisions of laws and regulations.

/s/ Thomas C. Cunningham, CPA PC

February 15, 2003

Lou Ann Montey and Associates, P.C.  
8400 N. Mopac Expressway, Suite 304  
Austin, TX 78759  
PHONE: 512-338-0044  
FAX: 512-338-5395

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Kingsland Housing, Ltd. - (A Texas Limited Partnership)  
Burnet, Texas

We have audited the accompanying balance sheets of Kingsland Housing, Ltd. - (A Texas Limited Partnership) as of December 31, 2002 and 2001, and the related statements of income (loss), partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards as issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kingsland Housing, Ltd. - (A Texas Limited Partnership) as of December 31, 2002 and 2001, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 14, 2003, on our consideration of the internal control structure of Kingsland Housing, Ltd. - (A Texas Limited Partnership) and a report dated February 14, 2003, on its compliance with laws and regulations.

/s/ Lou Ann Montey and Associates, P.C.  
Certified Public Accountants

Austin, Texas  
February 14, 2003

Lou Ann Montey and Associates, P.C.  
8400 N. Mopac Expressway, Suite 304  
Austin, Texas 78759  
PHONE 512-338-0044  
FAX 512-338-5395

## INDEPENDENT AUDITORS' REPORT

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To The Partners  
Sabinal Housing, Ltd. - (A Texas Limited Partnership)  
Burnet, Texas

We have audited the accompanying balance sheets of Sabinal Housing, Ltd. - (A Texas Limited Partnership) as of December 31, 2002 and 2001 and the related statement of income (loss), partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards as issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Sabinal Housing, Ltd. - (A Texas Limited Partnership) as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 13, 2003, on our consideration of the internal control structure of Sabinal Housing, Ltd. - (A Texas Limited Partnership) and a report dated February 13, 2003, on its compliance with laws and regulations.

Lou Ann Montey and Associates, P.C.  
Certified Public Accountants

Austin, Texas  
February 13, 2003

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8400 N. Mopac Expressway, Suite 304  
Austin, TX 78759  
PHONE: 512-338-0044  
FAX: 512-338-5395

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Mathis Retirement Ltd. - (A Texas Limited Partnership)  
Burnet, Texas

We have audited the accompanying balance sheets of Mathis Retirement, Ltd. - (A Texas Limited Partnership) as of December 31, 2002 and 2001, and the related statements of income (loss), partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards as issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mathis Retirement, Ltd. - (A Texas Limited Partnership) as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 13, 2003, on our consideration of the internal control structure of Mathis Retirement, Ltd. - (A Texas Limited Partnership) and a report dated February 13, 2003, on its compliance with laws and regulations.

/s/ Lou Ann Montey and Associates, P.C.  
Certified Public Accountants

Austin, Texas  
February 13, 2003

Lou Ann Montey and Associates, P.C.  
8400 N. Mopac Expressway, Suite 304  
Austin, TX 78759  
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FAX: 512-338-5395

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Floresville Housing, Ltd. - (A Texas Limited Partnership)  
Burnet, Texas

We have audited the accompanying balance sheets of Floresville Housing Ltd. - (A Texas Limited Partnership) as of December 31, 2002 and 2001, and the related statements of income (loss), partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards as issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Farmers Home Administration Audit Program, as issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Floresville Housing, Ltd. - (A Texas Limited Partnership) as of December 31, 2002 and 2001, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 11, 2003, on our consideration of the internal control structure of Floresville Housing, Ltd. - (A Texas Limited Partnership) and a report dated February 11, 2003, on its compliance with laws and regulations.

/s/ Lou Ann Montey and Associates, P.C.  
Certified Public Accountants

Austin, Texas  
February 11, 2003

Simmons and Clubb  
410 S. Orchard, Suite 156  
Boise, ID 83705  
PHONE: 208-336-6800  
FAX: 208-343-2381

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Teton View Limited Partnership  
Boise, Idaho

We have audited the accompanying balance sheets of Teton View Limited Partnership as of December 31, 2002 and 2001, and the related statements of operations, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teton View Limited Partnership as of December 31, 2002 and 2001, and the results of its operations, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated February 6, 2003, on our consideration of Teton View Limited Partnership's internal controls and compliance with laws and regulations. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The partnership's tax returns have been filed allowing the partners to claim a benefit of a low income housing tax credit. Because the compliance and qualification standards of the low income tax housing tax credit are not related to the interest credit agreement and loan agreement, and because the low income housing tax credit related to income taxes which are the responsibility of each individual partner, the scope of our audit was not designed or intended to audit the partnership's compliance with the low income housing tax credit laws. Accordingly, our audit cannot be relied upon to give assurance with regard to the partnerships compliance with any of the low income housing tax credit laws.

/s/ Roger Clubb  
Simmons and Clubb  
Certified Public Accountants

Boise, Idaho  
February 6, 2003

Simmons and Clubb  
410 S. Orchard, Suite 156  
Boise, ID 83705  
PHONE: 208-336-6800  
FAX: 208-343-2381

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Pleasant Valley Housing Limited Partnership  
Boise, Idaho

We have audited the accompanying balance sheets of Pleasant Valley Housing Limited Partnership as of December 31, 2002 and 2001, and the related statements of operations, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pleasant Valley Housing Limited Partnership as of December 31, 2002 and 2001, and the results of its operations, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated February 5, 2003, on our consideration of Pleasant Valley Housing Limited Partnership's internal controls and compliance with laws and regulations. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The partnership's tax returns have been filed allowing the partners to claim a benefit of a low income housing tax credit. Because the compliance and qualification standards of the low income tax housing tax credit are not related to the interest credit agreement and loan agreement, and because the low income housing tax credit related to income taxes which are the responsibility of each individual partner, the scope of our audit was not designed or intended to audit the partnerships compliance with the low income housing tax credit laws. Accordingly, our audit cannot be relied upon to give assurance with regard to the partnerships compliance with any of the low income housing tax credit laws.

/s/ Roger Clubb  
Simmons and Clubb  
Certified Public Accountants

Boise, Idaho  
February 5, 2003

Dixon Odom PLLC  
1829 Eastchester Drive - P.O. Box 2646  
High Point, NC 27261-2646  
PHONE: 336-889-5156  
FAX: 336-889-6168

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Eagles Bay Limited Partnership  
Raleigh, North Carolina

We have audited the accompanying balance sheets of Eagles Bay Limited Partnership as of December 31, 2002 and 2001 and the related statements of operations, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eagles Bay Limited Partnership as of December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2003 on our consideration of Eagles Bay Limited Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Dixon Odom PLLC  
Certified Public Accountants and Consultants

January 25, 2003



Dixon Odom PLLC  
1829 Eastchester Drive - P.O. Box 2646  
High Point, NC 27261-2646  
PHONE: 336-889-5156  
FAX: 336-889-6168

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Stone Arbor Limited Partnership  
Raleigh, North Carolina

We have audited the accompanying balance sheets of Stone Arbor Limited Partnership as of December 31, 2002 and 2001 and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stone Arbor Limited Partnership as of December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2003 on our consideration of Stone Arbor Limited Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Dixon Odom PLLC  
Certified Public Accountants and Consultants

January 23, 2003

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PHONE: 336-889-5156  
FAX: 336-889-6168

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Suncrest Limited Partnership  
Raleigh, North Carolina

We have audited the accompanying balance sheet of Suncrest Limited Partnership as of December 31, 2002 and 2001 and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Suncrest Limited Partnership as of December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2003 on our consideration of Suncrest Limited Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Dixon Odom PLLC  
Certified Public Accountants and Consultants

January 26, 2003

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## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Woodcroft Limited Partnership  
Raleigh, North Carolina

We have audited the accompanying balance sheets of Woodcroft Limited Partnership as of December 31, 2002 and 2001 and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Woodcroft Limited Partnership as of December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2003 on our consideration of Woodcroft Limited Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Dixon Odom PLLC  
Certified Public Accountants and Consultants

January 23, 2003

Brockway, Gersbach, McKinnon & Niemeier, P.C.  
P.O. Box 4083  
Temple, TX 76505-4083  
PHONE: 254-773-9907  
FAX: 254-773-1570

## INDEPENDENT AUDITORS' REPORT

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The Partners  
Mabank 1988 Limited  
Temple, Texas

We have audited the balance sheet of Mabank 1988 Limited (a Texas limited partnership), as of December 31, 2002 and 2001 and the related statements of partners' deficit, operations, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Mabank 1988 Limited as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2003 on our consideration of Mabank 1988 Limited's internal control and on its compliance with laws and regulations applicable to the financial statements. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statement taken as a whole. The supplemental information on pages 10 through 19 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information presented in the Year End Report/Analysis (Form FmHA 1930-8); Statement of Actual Budget and Income (Form 1930-7) for the year ended December 31, 2002, and the other Supplemental Data Required by the USDA Rural Development, are presented for purposes of complying with the requirements of USDA Rural Development and are not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Brockway, Gersbach, McKinnon & Niemeier, P.C.  
Certified Public Accountants

January 29, 2003

Mercer & Associates, P.C.  
213 Green Street, Suite B  
Huntsville, AL 35801  
PHONE: 256-536-4318  
FAX: 256-533-7193

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Hunter's Ridge, Ltd.

We have audited the accompanying balance sheet of Hunter's Ridge, Ltd., (a limited partnership) as of December 31, 2002 and 2001, and the related Statement of Operations, Partners' Capital and Cash Flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* for financial and compliance audits issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hunter's Ridge, Ltd., as of December 31, 2002 and 2001, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued a report dated February 27, 2003 on our consideration of Hunter's Ridge, Ltd's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

/s/ Mercer & Associates, P.C.  
Certified Public Accountants

February 27, 2003

Kenneth C. Boothe & Company, P.C.  
1001 East Farm Road 700  
Big Spring, TX 79720  
PHONE: 915-263-1324  
FAX: 915-263-2124

## INDEPENDENT AUDITORS' REPORT

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To the Partners,  
Casa Linda Limited Partnership

We have audited the accompanying balance sheets of Casa Linda Limited Partnership as of December 31, 2002 and 2001, and the related statements of operations, partners' equity, and cash flow for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Casa Linda Limited Partnership as of December 31, 2002 and 2001, and the results of its operations and its cash flow for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards issued by the Comptroller General of the United States, we have also issued a report dated February 8, 2003, on our consideration of Casa Linda Limited Partnership's internal control structure and a report dated February 8, 2003, on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information shown on Pages 17 through 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Kenneth C. Boothe & Company, P.C.  
Certified Public Accountants

February 8, 2003  
Big Spring, Texas

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Big Spring, TX 79720  
PHONE: 915-263-1324  
FAX: 915-263-2124

## INDEPENDENT AUDITORS' REPORT

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To the Partners,  
La Villa Elena Limited Partnership

We have audited the accompanying balance sheets of La Villa Elena Limited Partnership as of December 31, 2002 and 2001, and the related statements of operations, partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Villa Elena Limited Partnership as of December 31, 2002 and 2001, and the results of its operations and its cash flow for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards issued by the Comptroller General of the United States, we have also issued a report dated February 8, 2003, on our consideration of La Villa Elena Limited Partnership's internal control structure and a report dated February 8, 2003, on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information shown on Pages 19 through 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Kenneth C. Boothe & Company, P.C.  
Certified Public Accountants

February 8, 2003  
Big Spring, Texas

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Big Spring, TX 79720  
PHONE: 915-263-1324  
FAX: 915-263-2124

## INDEPENDENT AUDITORS' REPORT

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To the Partners,  
Rio Abajo Apartments Limited Partnership

We have audited the accompanying balance sheets of Rio Abajo Apartments Limited Partnership as of December 31, 2002 and 2001, and the related statements of operations, partners' equity and cash flow for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rio Abajo Apartments Limited Partnership as of December 31, 2002 and 2001, and the results of its operations and its cash flow for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards issued by the Comptroller General of the United States, we have also issued a report dated February 8, 2003, on our consideration of Rio Abajo Apartments Limited Partnership's internal control structure and a report dated February 8, 2003, on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information shown on Pages 18 through 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Kenneth C. Boothe & Company, P.C.  
Certified Public Accountants

February 8, 2003  
Big Spring, Texas



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Big Spring, TX 79720  
PHONE: 915-263-1324  
FAX: 915-263-2124

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Sage Limited Partnership

We have audited the accompanying balance sheets of Sage Limited Partnership as of December 31, 2002 and 2001, and the related statements of operations, partners' equity, and cash flow for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sage Limited Partnership as of December 31, 2002 and 2001, and the results of its operations and its cash flow for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards issued by the Comptroller General of the United States, we have also issued a report dated February 8, 2003, on our consideration of Sage Limited Partnership's internal control structure and a report dated February 8, 2003, on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information shown on Pages 19 through 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Kenneth C. Boothe & Company, P.C.  
Certified Public Accountants

February 8, 2003  
Big Spring, Texas

Mesarvey, Russell & Co., LLC  
3170 Presidential Drive  
Fairborn, OH 45324  
PHONE: 937-320-1717  
FAX: 937-320-1818

INDEPENDENT AUDITORS' REPORT

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**To the Partners**  
**Laynecrest Associates Limited Partnership**

**Rural Development Services**  
**Hillsboro, Ohio**

We have audited the accompanying balance sheets of Laynecrest Associates Limited Partnership RDS case No. 41-092-311254109, as of December 31, 2002 and 2001, and the related statements of income, changes in partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Laynecrest Associates Limited Partnership as of December 31, 2002 and 2001, and the results of its operations, changes in partners' deficit and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards we have also issued our reports dated January 28, 2003, on our consideration of Laynecrest Associates Limited Partnership's internal controls and our test of its compliance with laws, regulations, and contracts. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

/s/ Mesarvey, Russell & Co., LLC  
A Limited Liability Company  
Independent Certified Public Accountants

January 28, 2003

Lead Auditor: Philip J. Lechner, Jr., CPA  
Firm ID # 31-1613938

Mesarvey, Russell & Co., LLC  
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Fairborn, OH 45324  
PHONE: 937-320-1717  
FAX: 937-320-1818

INDEPENDENT AUDITORS' REPORT

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**To the Partners**  
**Martindale Limited Partnership**

**Rural Development Services**  
**Hillsboro, Ohio**

We have audited the accompanying balance sheets of Martindale Limited Partnership RDS Case No. 41-092-311153919, as of December 31, 2002 and 2001, and the related statements of income, changes in partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Martindale Limited Partnership at December 31, 2002 and 2001, and the results of its operations, changes in partners' deficit and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated January 25, 2003 on our consideration of Martindale Limited Partnership's internal control and our test of its compliance with laws, regulations, and contracts. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

/s/ Mesarvey, Russell & Co., LLC  
A Limited Liability Company  
Independent Certified Public Accountants

January 25, 2003

Lead Auditor: Philip J. Lechner, Jr., CPA  
Firm ID # 31-1613938

Johnson, Hickey & Murchison, P.C.  
651 East Fourth Street, Suite 200  
Chattanooga, TN 37403-1924  
PHONE: 423-756-0052  
FAX: 423-267-5945

## INDEPENDENT AUDITORS' REPORT

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### **To the General Partners of Robinhood Apartments, Ltd.:**

We have audited the accompanying balance sheets of Robinhood Apartments, Ltd. as of December 31, 2002 and 2001, and the related statements of operations, changes in partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Robinhood Apartments, Ltd. as of December 31, 2002 and 2001, and the results of its operations, changes in partners' equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2003, on our consideration of the partnership's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Johnson, Hickey & Murchison, P.C.  
Certified Public Accountants

January 22, 2003

Johnson, Hickey & Murchison, P.C.  
651 East Fourth Street, Suite 200  
Chattanooga, TN 37403-1924  
PHONE: 423-756-0052  
FAX: 423-267-5945

## INDEPENDENT AUDITORS' REPORT

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### **To the General Partners of Skyview Terrace, Ltd.:**

We have audited the accompanying balance sheets of Skyview Terrace, Ltd. as of December 31, 2002 and 2001, and the related statements of operations, changes in partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Skyview Terrace, Ltd. as of December 31, 2002 and 2001, and the results of its operations, changes in partners' equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2003, on our consideration of the partnership's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Johnson, Hickey & Murchison, P.C.  
Certified Public Accountants

January 16, 2003

Donald W. Causey & Associates, P.C.  
516 Walnut Street - P.O. Box 775  
Gadsden, AL 35902  
PHONE: 256-543-3707  
FAX: 256-543-9800

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Riverside Apartments, Ltd.  
Demopolis, Alabama

We have audited the accompanying balance sheets of Riverside Apartments, Ltd., a limited partnership, RHS Project No.: 01-046-630978050 as of December 31, 2002 and 2001, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted the audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Riverside Apartments, Ltd., RHS Project No.: 01-046-630978050 as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 11 through 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information presented in the Multiple Family Housing Borrower Balance Sheet (Form FmHA 1930-8) Parts I and II for the year ended December 31, 2002 and 2001, is presented for purposes of complying with the requirements of the Rural Housing Services and is also not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 26, 2003 on our consideration of Riverside Apartments, Ltd.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations.

/s/ Donald W. Causey & Associates, P.C.  
Certified Public Accountants  
Gadsden, Alabama

February 26, 2003

Vance Flouhouse & Garges, PLLC  
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Charlotte, NC 28211  
PHONE: 704-369-7200  
FAX: 704-362-0411

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Brookshire Apartments, L.P.

We have audited the accompanying balance sheets of Brookshire Apartments, L.P., RHS Project No. 10-075-581765612), as of December 31, 2002 and 2001, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brookshire Apartments, L.P., RHS Project No.: 10-075-581765612, as of December 31, 2002 and 2001, and the results of its operations, changes in partners' equity (deficit) and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 24, 2003 on our consideration of Brookshire Apartments, L.P.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report considering the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 18 to 21 and 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/Vance Flouhouse & Garges, PLLC  
Certified Public Accountants  
Charlotte, North Carolina

Federal Employer  
Identification Number  
26-0005391

January 24, 2003

Lead Auditor: Ronald George Vance  
704-369-7200

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Charlotte, NC 28211  
PHONE: 704-369-7200  
FAX: 704-362-0411

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Sandridge Apartments, Ltd.

We have audited the accompanying balance sheets of Sandridge Apartments, Ltd., RHS Project No. 058-17569-49, as of December 31, 2002 and 2001, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sandridge Apartments, Ltd., RHS Project No.: 058-17569-49, as of December 31, 2002 and 2001 and the results of its operations, changes in partners' equity (deficit) and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 24, 2003 on our consideration of Sandridge Apartments, Ltd.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report considering the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 18 to 21 and 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/Vance Flouhouse & Garges, PLLC  
Certified Public Accountants  
Charlotte, North Carolina

Federal Employer  
Identification Number  
26-0005391

January 24, 2003

Lead Auditor: Ronald George Vance  
704-369-7200



Chester M. Kearney, CPA  
12 Dyer Street  
Presque Isle, ME 04769-1550  
PHONE: 207-764-3171  
FAX: 207-764-6362

## INDEPENDENT AUDITORS' REPORT

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Limestone Estates  
Caribou, Maine

To the Partners

We have audited the accompanying balance sheets of Limestone Estates, (a limited partnership) as of December 31, 2002 and 2001, and the related statements of operations, partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Limestone Estates as of December 31, 2002 and 2001, and the results of its operations, partners' deficit and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 29, 2003 on our consideration of Limestone Estates' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Chester M. Kearney, CPA  
Certified Public Accountants

Presque Isle, Maine  
January 29, 2003

Habif, Arogeti & Wynne, LLP  
5565 Glenridge Connector, Suite 200  
Atlanta, GA 30342  
PHONE: 404-892-9651  
FAX: 404-876-3913

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Longleaf Apartments, Ltd.

We have audited the accompanying balance sheets of LONGLEAF APARTMENTS, LTD. (USDA Rural Development Case No. 10-065-581788240) as of December 31, 2002 and 2001, and the related statements of operations, changes in partners' accumulated deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Rural Development Services Office of the U.S. Department of Agriculture, formerly known as the Farmers Home Administration, Audit Program. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LONGLEAF APARTMENTS, LTD. as of December 31, 2002 and 2001, and the results of its operations, its changes in partners' accumulated deficit, and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 14, 2003 on our consideration of LONGLEAF APARTMENTS, LTD.'s internal control and our report dated January 14, 2003, on its compliance with laws and regulations applicable to the financial statements.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on page 11 - 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Habif, Arogeti & Wynne, LLP  
Certified Public Accountants  
Atlanta, Georgia

January 14, 2003

Fentress, Brown, CPAs & Associates, LLC  
8001 Ravines Edge Court, Suite 112  
Columbus, OH 43235-5423  
PHONE: 614-825-0011  
FAX: 614-825-0014

## INDEPENDENT AUDITORS' REPORT

To the Partners of  
Crestwood Villa 2 Limited Partnership  
DBA Applewood Apartments  
Mansfield, Ohio

Rural Housing Service  
Servicing Office  
Findlay, Ohio

We have audited the accompanying balance sheets of Crestwood Villa 2 Limited Partnership (a limited partnership), DBA Applewood Apartments, Case No. 41-017-341612174, as of December 31, 2002 and 2001, and the related statements of income, changes in partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program" issued in December 1989.

Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crestwood Villa 2 Limited Partnership, DBA Applewood Apartments, Case No. 41-017-341612174, at December 31, 2002 and 2001, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program," issued in December 1989, we have also issued a report dated January 17, 2003, on our consideration of Crestwood Villa 2 Limited Partnership's internal control and on compliance with specific requirements applicable to Rural Housing Service Programs. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Fentress, Brown, CPAs & Associates, LLC  
Certified Public Accountants  
Columbus, Ohio  
January 17, 2003

Smith, Lambright & Associates, P.C.  
P.O. Box 912 - 505 E. Tyler  
Athens, TX 75751  
PHONE: 903-675-5674  
FAX: 903-675-5676

## INDEPENDENT AUDITORS' REPORT

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To the Owners  
Fairview South, Ltd.  
700 South Palestine  
Athens, Texas 75751

We have audited the accompanying Balance Sheet of Fairview South, Ltd. as of December 31, 2002 and 2001, and the related Statements of Income and Expenses, Changes in Partner's Equity (Deficit), and Cash Flows for the years then ended. These financial statements are the responsibility of Fairview South, Ltd.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and "U.S. Department of Agriculture, Farmers Home Administration - Audit Program." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fairview South, Ltd. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2003 on our consideration of Fairview South, Ltd.'s compliance and on internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of Fairview South Ltd., taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

/s/ Smith, Lambright & Associates, P.C.  
Certified Public Accountants

May 20, 2003

Smith, Lambright & Associates, P.C.  
P.O. Box 912 - 505 E. Tyler  
Athens, TX 75751  
PHONE: 903-675-5674  
FAX: 903-675-5676

## INDEPENDENT AUDITORS' REPORT

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To the Owners  
Southwood Apartments, Ltd.  
700 South Palestine  
Athens, Texas 75751

We have audited the accompanying Balance Sheet of Southwood Apartments, Ltd. as of December 31, 2002 and 2001, and the related Statements of Income and Expenses, Changes in Partner's Equity (Deficit), and Cash Flows for the years then ended. These financial statements are the responsibility of Southwood Apartments, Ltd.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and "U.S. Department of Agriculture, Farmers Home Administration - Audit Program." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwood Apartments, Ltd. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2003 on our consideration of Southwood Apartments, Ltd.'s compliance and on internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Southwood Apartments, Ltd., taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

/s/ Smith, Lambright & Associates, P.C.  
Certified Public Accountants

May 30, 2003

Item 10. Disagreements on Accounting and Financial Disclosures

None.

PART III

Item 11. Directors and Executive Officers of Gateway

Gateway has no directors or executive officers. Gateway's affairs are managed and controlled by the Managing General Partner. Certain information concerning the directors and officers of the Managing General Partner are set forth below.

Raymond James Tax Credit Funds, Inc. - Managing General Partner

Raymond James Tax Credit Funds, Inc. is the Managing General Partner and is responsible for decisions pertaining to the acquisition and sale of Gateway's interests in the Project Partnerships and other matters related to the business operations of Gateway. The officers and directors of the Managing General Partner are as follows:

Ronald M. Diner, age 59, is President and a Director. He is a Senior Vice President of Raymond James & Associates, Inc., with whom he has been employed since June 1983. Mr. Diner received an M.B.A. degree from Columbia University (1968) and a B.S. degree from Trinity College (1966). Prior to joining Raymond James & Associates, Inc., he managed the broker-dealer activities of Pittway Real Estate, Inc., a real estate development firm. He was previously a loan officer at Marine Midland Realty Credit Corp., and spent three years with Common, Dann & Co., a New York regional investment firm. He has served as a member of the Board of Directors of the Council for Rural Housing and Development, a national organization of developers, managers and syndicators of properties developed under the RECD Section 515 program, and is a member of the Board of Directors of the Florida Council for Rural Housing and Development. Mr. Diner has been a speaker and panel member at state and national seminars relating to the low-income housing credit.

J. Davenport Mosby, age 47, is a Vice President and a Director. He is a Senior Vice President of Raymond James & Associates, Inc. which he joined in 1982. Mr. Mosby received an MBA from the Harvard Business School (1982). He graduated magna cum laude with a BA from Vanderbilt University where he was elected to Phi Beta Kappa.

Sandra L. Furey, age 41, is Secretary, Treasurer. Ms. Furey has been employed by Raymond James & Associates, Inc. since 1980 and currently serves as Closing Administrator for the Gateway Tax Credit Funds.

Raymond James Partners, Inc. -

Raymond James Partners, Inc. has been formed to act as the general partner, with affiliated corporations, in limited partnerships sponsored by Raymond James Financial, Inc. Raymond James Partners, Inc. is a general partner for purposes of assuring that Gateway and other partnerships sponsored by affiliates have sufficient net worth to meet the minimum net worth requirements of state securities administrators.

Information regarding the officers and directors of Raymond James Partners, Inc., is included on pages 58 and 59 of the Prospectus under the section captioned "Management" (consisting of pages 56 through 59 of the Prospectus) which is incorporated herein by reference.

Item 12. Executive Compensation

Gateway has no directors or officers.

Item 13. Security Ownership of Certain Beneficial Owners and Management

Neither of the General Partners, nor their directors and officers, own any units of the outstanding securities of Gateway as of March 31, 2003.

Gateway is a Limited Partnership and therefore does not have voting shares of stock. To the knowledge of Gateway, no person owns of record or beneficially, more than 5% of Gateway's outstanding units.

Item 14. Certain Relationships and Related Transactions

Gateway has no officers or directors. However, various kinds of compensation and fees are payable to the General Partners and their affiliates during the organization and operations of Gateway. Additionally, the General Partners will receive distributions from Gateway if there is cash available for distribution or residual proceeds as defined in the Partnership agreement. The amounts and kinds of compensation and fees are described on pages 13 to 15 of the Prospectus under the caption "Management Compensation", which is incorporated herein by reference. See Note 3 of Notes to Financial Statements in item 8 of this Annual Report on Form 10-K for amounts accrued or paid to the General Partners and their affiliates during the years ended March 31, 2003, 2002 and 2001.

The Payable to General Partners primarily represents the asset management fees owed to the General Partners at the end of the period. It is unsecured, due on demand and, in accordance with the limited partnership agreement, non-interest bearing. Within the next 12 months, the Managing General Partner does not intend to demand payment on the portion of Asset Management Fees payable classified as long-term on the Balance Sheet.

The General Partners and affiliates are entitled to compensation and reimbursement for costs and expenses as follows:

Asset Management Fee - The Managing General Partner is entitled to an annual asset management fee equal to 0.45% of the aggregate cost of Gateway's interest in the projects owned by the Project Partnerships. The asset management fee will be paid only after all other expenses of Gateway have been paid. These fees are included in the Statements of Operations. Totals incurred for the years ended March 31, 2003, 2002 and 2001 were \$491,021, \$493,205, and \$494,898 respectively.

General and Administrative Expenses - Raymond James Tax Credit Funds, Inc., the Managing General Partner, is reimbursed for general and administrative expenses of Gateway on an accountable basis. These expenses are included in the Statements of Operations. Totals incurred for the years ended March 31, 2003, 2002 and 2001 were \$68,891, \$45,714, and \$36,934 respectively.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

a.(1) Financial Statements

(2) Financial Statement Schedules -

Schedule III - Real Estate and Accumulated Depreciation of Property Owned by Project Partnerships

All other schedules are omitted because they are not applicable or not required, or because the required information is shown either in the financial statements or in the notes thereto.

(3) Exhibit Index -

The following are included with Form S-11, Registration No. 33-18142 and amendments and supplements thereto previously filed with the Securities and Exchange Commission.

Table  
Number

1.1	Form of Soliciting Dealer Agreement
1.2	Form of Escrow Agreement between Gateway Tax Credit Fund, Ltd., and Southeast Bank
2.1	Purchase and Sale Agreement, dated June 30, 1988 pertaining to the acquisition of limited partnership interests in Martindale Limited Partnership
2.2	Purchase and Sale Agreement, dated June 30, 1988 pertaining to the acquisition of limited partnership interests in Laynecrest Associates Limited Partnership
2.3	Purchase and Sale Agreement, dated August 28, 1988 pertaining to the acquisition of limited partnership interests in La Villa Elena Limited Partnership
2.4	Purchase and Sale Agreement, date August 28, 1988 pertaining to the acquisition of limited partnership interests in Rio Abajo Limited Partnership
3.1	The form of Partnership Agreement of the Partnership is included as Exhibit "A" to the Prospectus
3.1.1	Amended Certificate of Limited Partnership of Gateway Tax Credit Fund, Ltd.
3.2	Articles of Incorporation of Raymond James Partners, Inc.
3.2.1	Bylaws of Raymond James Partners, Inc.
3.3	Articles of Incorporation of Raymond James Tax Credit Funds, Inc.
3.3.1	Bylaws of Raymond James Tax Credit Funds, Inc.
3.4	Amended and Restated Agreement and Certificate of Limited Partnership of Martindale Limited Partnership
3.5	Amended and Restated Agreement and Certificate of Limited Partnership of Laynecrest Associates Limited
3.6	Amended and Restated Agreement and Certificate of Limited Partnership of La Villa Elena Limited Partnership
3.7	Amended and Restated Agreement and Certificate of Limited Partnership of Rio Abajo Limited Partnership
3.8	Amended and Restated Agreement of Village Apartments of Fortville II, L.P. is included as Exhibit E to the document included as Exhibit 2.5
3.9	Amended and Restated Partnership Agreement of Village Apartments of Summitville II, L.P. is included as Exhibit E to the document included as Exhibit 2.6
3.10	Amended and Restated Partnership Agreement of Village Apartments of Madison, Ltd. is included as Exhibit E to the document included as Exhibit 2.7
3.11	Amended and Restated Partnership Agreement of Village Apartments of Monroe Family, Ltd. is included as Exhibit E to the document included as Exhibit
2.8	
3.12	Amended and Restated Partnership Agreement of Village Apartments of Longleaf Apartments, Ltd. is included as Exhibit E to the document included as Exhibit 2.9
3.13	Amended and Restated Partnership Agreement of Village Apartments of Hannah's Mill Apartments, Ltd. is included as Exhibit E to the document included as Exhibit 2.10



- 3.14 Amended and Restated Partnership Agreement of Village Apartments of Sylacauga Garden Apartments III, Ltd.
- 3.15 Amended and Restated Partnership Agreement of Suncrest Limited Partnership is included as Exhibit E to the document included as Exhibit 2.12
- 3.16 Amended and Restated Partnership Agreement of Dunbarton Oaks III, Limited Partnership
- 3.17 Amended and Restated Partnership Agreement of Brandywine III Limited Partnership
- 3.18 Amended and Restated Partnership Agreement of Concord IV Limited Partnership
- 3.19 Amended and Restated Partnership Agreement of Mulberry Hill IV Associates Limited Partnership
- 3.20 Amended and Restated Partnership Agreement of Federal Manor Limited Partnership
- 3.21 Amended and Restated Partnership Agreement of Laurel Apartments Limited Partnership
- 3.22 Amended and Restated Partnership Agreement of Casa Linda Limited Partnership
- 3.23 Amended and Restated Partnership Agreement of Rivermeade Associates
- 3.24 Amended and Restated Partnership Agreement of Keysville Limited Partnership
- 3.25 Amended and Restated Partnership Agreement of Laurel Woods Associates
- 3.26 Amended and Restated Partnership Agreement of Meadows Associates
- 3.27 Amended and Restated Partnership Agreement of Riverside Apts., Ltd.
- 3.28 Amended and Restated Partnership Agreement of Limestone Estates, Ltd.
- 3.29 Amended and Restated Partnership Agreement of Sandridge Apts., Ltd.
- 3.30 Amended and Restated Partnership Agreement of Brookshire Apts., Ltd.
- 3.31 Amended and Restated Partnership Agreement of Teton View Apts., Ltd.
- 3.32 Amended and Restated Partnership Agreement of Eagle's Bay Ltd. Partnership
- 3.33 Amended and Restated Partnership Agreement of Sage, Ltd.
- 3.34 Amended and Restated Partnership Agreement of Albany, Ltd.
- 3.35 Amended and Restated Partnership Agreement of Burkesville, Ltd.
- 3.36 Amended and Restated Partnership Agreement of Scotts Hill, Ltd.
- 3.37 Amended and Restated Partnership Agreement of Claremont Housing, Ltd.
- 3.38 Amended and Restated Partnership Agreement of Village Apartments of Sparta Ltd.
- 3.39 Amended and Restated Partnership Agreement of Crosstown Seniors Limited Dividend Housing Association Ltd.
- 3.40 Amended and Restated Partnership Agreement of Village Apartments of Divernon Ltd.
- 3.41 Amended and Restated Partnership Agreement of Oakwood Apartments Ltd.
- 3.42 Amended and Restated Partnership Agreement of Middleport Ltd.
- 3.43 Amended and Restated Partnership Agreement of Village Apartments of Morgantown Ltd.
- 3.44 Amended and Restated Partnership Agreement of Lakewood Apartments Ltd.
- 3.45 Amended and Restated Partnership Agreement of Mabank 1988 Limited
- 3.46 Amended and Restated Partnership Agreement of Ashburn Housing Ltd. L.P.
- 3.47 Amended and Restated Partnership Agreement of Cuthbert Elderly Housing, Ltd.
- 3.48 Amended and Restated Partnership Agreement of Buena Vista Housing, Ltd. L.P.
- 3.49 Amended and Restated Partnership Agreement of Spring Creek Apts., Ltd.
- 3.50 Amended and Restated Partnership Agreement of Milton Elderly Housing, Ltd., L.P.
- 3.51 Amended and Restated Partnership Agreement of Sandhill Forest, Ltd.
- 3.52 Amended and Restated Partnership Agreement of Oakwood Grove, Ltd.
- 3.53 Amended and Restated Partnership Agreement of Hastings Manor, Ltd.
- 3.54 Amended and Restated Partnership Agreement of Robinhood Apts., Ltd.
- 3.55 Amended and Restated Partnership Agreement of Skyview Terrace Apts., Ltd.
- 3.56 Amended and Restated Partnership Agreement of Stone Arbor Ltd.
- 3.57 Amended and Restated Partnership Agreement of Woodcroft Ltd.
- 3.58 Amended and Restated Agreement of Limited Partnership of Winder Apartments, Ltd., L.P.
- 3.59 Amended and Restated Partnership Agreement of Spring Creek Apartments, Ltd.
- 3.60 Amended and Restated Agreement of Limited Partnership of Hunters Ridge, Ltd.
- 8.1 Tax opinion and consent of Schifino & Fleischer, P.A.

- 24.1 Consent of Spence, Marston & Bunch, Certified Public Accountants
- 24.2 The consent of Gerald D. Myers, CPA
- 24.3 The consent of Kenneth Leventhal & Company
- 24.4 The consent of Schifino & Fleischer, P.A., to all references made to them in the Prospectus included as a part of the Registration Statement of Gateway Tax Credit Fund, Ltd., and all amendments thereto, is included in their opinions filed as Exhibit 8.1 to the Registration Statement
- 28.1 Table VI (Acquisition of Properties by Program) of Appendix II to Industry Guide 5, Preparation of Registration Statements Relating to Interests in Real Estate Limited Partnerships

Prospectus dated March 2, 1988

- b. Reports filed on Form 8-K - NONE
- c. Exhibits filed with this Report - NONE

GATEWAY TAX CREDIT FUND, LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002  
Apartment Properties

Partnership	Location	# of Units	Mortgage Loan Balance
-----	-----	-----	-----
Laynecrest	Medway, OH	48	1,451,276
Martindale	Union, OH	30	926,463
La Villa Elena	Bernalillo, NM	54	1,455,058
Rio Abajo	Truth or Consequences, NM	42	1,379,962
Fortville II	Fortville, IN	24	666,125
Summitville	Summitville, IN	24	727,022
Suncrest	Yanceyville, NC	40	1,458,609
Brandywine III	Millsboro, DE	32	1,076,216
Concord IV	Perryville, MD	32	1,073,967
Dunbarton Oaks III	Georgetown, DE	32	1,095,503
Federal Manor	Federalburg, MD	32	1,148,663
Laurel Apts	Laurel, DE	32	1,118,031
Mulberry Hill IV	Easton, MD	16	587,686
Madison	Madison, OH	40	1,175,087
Hannah's Mill	Thomaston, GA	50	1,456,537
Longleaf Apts.	Cairo, GA	36	959,325
Sylacauga Garden	Sylacauga, AL	45	1,398,370
Monroe Family	Monroe, GA	48	1,449,074
Clayfed Apts.	Denver, CO	32	944,688
Westside Apts.	Denver, CO	52	1,580,068
Casa Linda	Silver City, NM	41	1,364,981
Rivermeade	Yorktown, VA	80	2,525,013
Laurel Woods	Ashland, VA	40	1,262,343
Keysville	Keysville, VA	24	748,889
Crosstown	Kalamazoo, MI	201	4,171,691
Riverside Apts.	Demopolis, AL	40	1,148,621
Brookshire Apts.	McDonough, GA	46	1,378,092
Sandridge Apts.	Fernandina Beach, FL	46	1,303,835
Limestone Estates	Limestone, ME	25	1,140,249
Eagle's Bay	Beaufort, NC	40	1,467,441
Teton View	Rigby, ID	40	1,416,416
Albany	Albany, KY	24	726,450
Burkesville	Burkesville, KY	24	729,512
Scotts Hill	Scotts Hill, TN	12	404,578
Sage	Gallup, NM	44	1,460,072
Claremont	Cascade, ID	16	436,583
Middleport	Middleport, NY	25	940,551
Oakwood Apts.	Columbus, NE	24	780,279
Morgantown	Morgantown, IN	24	782,433
Ashburn Housing	Ashburn, GA	41	1,045,672
Cuthbert Elderly	Cuthbert, GA	32	814,325
Sandhill Forest	Melrose, FL	16	463,530
Oakwood Grove	Crescent City, FL	36	1,004,164
Hastings Manor	Hastings, FL	24	693,701
Lakewood Apts.	Norfolk, NE	72	2,413,516
Robinhood Apts.	Springfield, TN	48	1,453,579
Skyview Terrace	Springfield, TN	48	1,317,859
Mabank 1988	Mabank, TX	42	1,102,562
Buena Vista	Buena Vista, GA	25	650,513
Woodcroft	Elizabethtown, NC	32	1,145,039
Spring Creek	Quitman, GA	18	486,932
Spring Creek	Cherokee, AL	24	527,895
Milton Elderly	Milton, FL	43	1,072,005
Winder Apartments	Winder, GA	48	1,409,272
Hunters Ridge	Killen, AL	40	1,158,497
Stone Arbor	Madison, NC	40	1,475,294
Greeneville	Greeneville, TN	40	1,192,857
Centralia II	Centralia, IL	24	794,659
Poteau IV	Poteau, OK	32	579,869
Barling	Barling, AR	48	896,205
Booneville	Booneville, AR	50	1,349,493
Augusta	Augusta, KS	66	1,905,947

Meadows	Farmville, VA	40	1,317,958
Kenly Housing	Kenly, NC	48	1,324,985
Fairview South	Athens, TX	44	1,056,745
River Road Apts.	Waggaman, LA	43	1,081,444
Middlefield	Middlefield, OH	36	1,077,515
Floresville	Floresville, TX	40	1,029,829
Mathis Retirement	Mathis, TX	36	866,283
Sabinal Housing	Sabinal, TX	24	599,879
Kingsland Housing	Kingsland, TX	34	839,490
Crestwood Villa II	Crestline, OH	36	1,070,682
Poteau Prop. III	Poteau, OK	19	459,090
Decatur Properties	Decatur, AR	24	767,391
Broken Bow Prop II	Broken Bow, OK	46	1,470,144
Turtle Creek II	Grove, OK	42	1,233,497
Pleasant Valley	Grangeville, ID	32	1,139,493
Hartwell Elderly	Hartwell, GA	24	665,294
Pulaski Village	Pulaski, VA	44	1,376,719
Southwood Apts.	Jacksonville, TX	40	944,374
			-----
			\$ 90,589,956
			=====

## GATEWAY TAX CREDIT FUND, LTD.

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
 OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
 AS OF DECEMBER 31, 2002  
 Apartment Properties

Partnership -----	Land ----	Cost At Acquisition -----	
		Buildings, Improvements and Equipment	Net Improvements Capitalized Subsequent to Acquisition -----
Laynecrest	310,264	1,533,433	18,736
Martindale	243,665	928,824	9,782
La Villa Elena	128,000	1,672,703	241,918
Rio Abajo	88,500	1,610,884	100,372
Fortville II	25,000	780,355	5,034
Summitville	30,000	849,511	483
Suncrest	331,988	1,788,595	22,771
Brandywine III	105,508	1,154,434	56,029
Concord IV	120,440	1,198,338	85,889
Dunbarton Oaks III	123,135	1,205,530	66,701
Federal Manor	142,632	1,252,927	76,010
Laurel Apts	144,680	1,156,847	84,323
Mulberry Hill IV	55,379	652,234	34,382
Madison	60,000	1,378,177	40,498
Hannah's Mill	60,000	1,754,918	(2,132)
Longleaf Apts.	54,700	1,135,966	2,280
Sylacauga Garden	70,000	1,521,755	22,789
Monroe Family	110,000	1,678,673	0
Clayfed Apts.	84,000	876,430	32,392
Westside Apts.	134,701	1,382,850	77,257
Casa Linda	153,730	1,518,228	77,596
Rivermeade	240,134	2,661,910	144,602
Laurel Woods	96,242	1,301,860	151,534
Keysville	30,000	793,750	90,771
Crosstown	408,338	5,164,734	676,887
Riverside Apts.	89,250	1,329,102	57,267
Brookshire Apts.	114,500	1,602,613	50,291
Sandridge Apts.	144,000	1,476,180	40,548
Limestone Estates	79,224	1,318,259	16,738
Eagle's Bay	175,735	1,752,762	24,156
Teton View	50,218	972,662	801,684
Albany	49,161	865,007	23,389
Burkesville	44,697	838,328	36,413
Scotts Hill	30,000	465,835	9,818
Sage	196,207	1,616,554	146,268
Claremont	23,500	505,789	79,857
Middleport	18,000	1,132,502	17,350
Oakwood Apts.	96,800	862,439	65,547
Morgantown	15,000	940,191	4,592
Ashburn Housing	35,000	1,265,760	0
Cuthbert Elderly	22,550	1,006,889	(1,144)
Sandhill Forest	28,091	544,545	926
Oakwood Grove	44,712	1,191,986	2,187
Hastings Manor	18,000	839,600	6,786
Lakewood Apts.	207,700	2,754,382	188,288
Robinhood Apts.	50,500	1,752,851	25,832
Skyview Terrace	40,112	1,424,008	78,101
Mabank 1988	57,200	1,210,248	123,374
Buena Vista	11,390	804,816	(1,979)
Woodcroft	82,500	1,402,798	5,641
Spring Creek	33,330	575,656	(1,378)
Spring Creek	20,000	589,739	34,712
Milton Elderly	50,000	1,292,395	3,813
Winder Apartments	73,500	1,692,510	(3,285)
Hunters Ridge	48,275	1,370,214	2,327
Stone Arbor	57,280	1,813,230	3,554
Greeneville	47,258	1,434,138	57,776
Centralia II	36,450	954,070	(14,292)
Poteau IV	33,000	683,016	0

Barling	62,500	1,049,173	41,191
Booneville	32,500	1,650,087	0
Augusta	101,300	2,280,419	0
Meadows	102,342	1,455,858	29,993
Kenly Housing	25,000	1,588,636	74,361
Fairview South	103,909	1,218,102	35,486
River Road Apts.	138,000	1,340,045	41,261
Middlefield	70,700	1,250,957	28,570
Floresville	75,524	1,050,346	186,192
Mathis Retirement	37,127	1,041,038	6,225
Sabinal Housing	18,000	752,263	9,852
Kingsland Housing	30,000	894,081	236,529
Crestwood Villa II	54,000	1,317,395	2,488
Poteau Prop. III	18,350	564,655	0
Decatur Properties	24,300	945,516	0
Broken Bow Prop II	70,000	1,887,868	0
Turtle Creek II	45,000	1,513,446	0
Pleasant Valley	65,227	1,342,952	72,052
Hartwell Elderly	49,800	771,529	0
Pulaski Village	75,000	1,650,373	102,964
Southwood Apts.	46,189	1,153,440	22,006
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	\$ 6,718,944	\$103,953,119	\$ 4,891,231
	=====	=====	=====

## GATEWAY TAX CREDIT FUND, LTD.

## SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION

## OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN

AS OF DECEMBER 31, 2002

Apartment Properties      Gross Amount At Which Carried At December 31, 2002

Partnership	Land	Buildings, Improvements and Equipment	Total
-----	----	-----	-----
Laynecrest	324,659	1,537,774	1,862,433
Martindale	251,096	931,175	1,182,271
La Villa Elena	128,000	1,914,621	2,042,621
Rio Abajo	89,795	1,709,961	1,799,756
Fortville II	25,000	785,389	810,389
Summitville	30,000	849,994	879,994
Suncrest	349,456	1,793,898	2,143,354
Brandywine III	30,382	1,285,589	1,315,971
Concord IV	35,899	1,368,768	1,404,667
Dunbarton Oaks III	27,853	1,367,513	1,395,366
Federal Manor	86,281	1,385,288	1,471,569
Laurel Apts	40,971	1,344,879	1,385,850
Mulberry Hill IV	20,761	721,234	741,995
Madison	60,000	1,418,675	1,478,675
Hannah's Mill	60,000	1,752,786	1,812,786
Longleaf Apts.	54,700	1,138,246	1,192,946
Sylacauga Garden	70,000	1,544,544	1,614,544
Monroe Family	110,000	1,678,673	1,788,673
Clayfed Apts.	84,000	908,822	992,822
Westside Apts.	134,701	1,460,107	1,594,808
Casa Linda	153,730	1,595,824	1,749,554
Rivermeade	251,734	2,794,912	3,046,646
Laurel Woods	106,742	1,442,894	1,549,636
Keysville	34,534	879,987	914,521
Crosstown	600,414	5,649,545	6,249,959
Riverside Apts.	93,089	1,382,530	1,475,619
Brookshire Apts.	142,601	1,624,803	1,767,404
Sandridge Apts.	147,400	1,513,328	1,660,728
Limestone Estates	79,224	1,334,997	1,414,221
Eagle's Bay	181,070	1,771,583	1,952,653
Teton View	87,187	1,737,377	1,824,564
Albany	49,161	888,396	937,557
Burkesville	44,697	874,741	919,438
Scotts Hill	30,000	475,653	505,653
Sage	196,207	1,762,822	1,959,029
Claremont	29,041	580,105	609,146
Middleport	18,000	1,149,852	1,167,852
Oakwood Apts.	98,308	926,478	1,024,786
Morgantown	15,000	944,783	959,783
Ashburn Housing	35,000	1,265,760	1,300,760
Cuthbert Elderly	22,550	1,005,745	1,028,295
Sandhill Forest	28,091	545,471	573,562
Oakwood Grove	44,712	1,194,173	1,238,885
Hastings Manor	18,000	846,386	864,386
Lakewood Apts.	261,982	2,888,388	3,150,370
Robinhood Apts.	50,500	1,778,683	1,829,183
Skyview Terrace	40,112	1,502,109	1,542,221
Mabank 1988	108,531	1,282,291	1,390,822
Buena Vista	11,390	802,837	814,227
Woodcroft	82,500	1,408,439	1,490,939
Spring Creek	33,330	574,278	607,608
Spring Creek	20,000	624,451	644,451
Milton Elderly	50,000	1,296,208	1,346,208
Winder Apartments	73,500	1,689,225	1,762,725
Hunters Ridge	48,275	1,372,541	1,420,816
Stone Arbor	57,280	1,816,784	1,874,064
Greeneville	47,258	1,491,914	1,539,172
Centralia II	36,450	939,778	976,228
Poteau IV	33,000	683,016	716,016
Barling	62,500	1,090,364	1,152,864
Booneville	32,500	1,650,087	1,682,587

Augusta	101,300	2,280,419	2,381,719
Meadows	105,846	1,482,347	1,588,193
Kenly Housing	25,000	1,662,997	1,687,997
Fairview South	130,449	1,227,048	1,357,497
River Road Apts.	138,000	1,381,306	1,519,306
Middlefield	70,700	1,279,527	1,350,227
Floresville	76,669	1,235,393	1,312,062
Mathis Retirement	37,127	1,047,263	1,084,390
Sabinal Housing	18,000	762,115	780,115
Kingsland Housing	30,000	1,130,610	1,160,610
Crestwood Villa II	54,000	1,319,883	1,373,883
Poteau Prop. III	18,350	564,655	583,005
Decatur Properties	24,300	945,516	969,816
Broken Bow Prop II	70,000	1,887,868	1,957,868
Turtle Creek II	45,000	1,513,446	1,558,446
Pleasant Valley	65,227	1,415,004	1,480,231
Hartwell Elderly	49,800	771,529	821,329
Pulaski Village	75,000	1,753,337	1,828,337
Southwood Apts.	48,451	1,173,184	1,221,635
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	\$ 6,752,373	\$108,810,921	\$115,563,294
	=====	=====	=====



GATEWAY TAX CREDIT FUND, LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002  
Apartment Properties

Partnership -----	Accumulated Depreciation -----	Depreciable Life -----
Laynecrest	1,060,143	5.0 - 27.5
Martindale	606,650	5.0 - 27.5
La Villa Elena	687,144	5.0 - 40.0
Rio Abajo	608,503	5.0 - 40.0
Fortville II	413,556	5.0 - 27.5
Summitville	451,947	5.0 - 27.5
Suncrest	622,518	5.0 - 40.0
Brandywine III	754,145	5.0 - 27.5
Concord IV	796,784	5.0 - 27.5
Dunbarton Oaks III	788,346	5.0 - 27.5
Federal Manor	803,378	5.0 - 27.5
Laurel Apts	806,655	5.0 - 27.5
Mulberry Hill IV	414,834	5.0 - 27.5
Madison	611,072	5.0 - 33.0
Hannah's Mill	831,702	5.0 - 30.0
Longleaf Apts.	550,269	5.0 - 30.0
Sylacauga Garden	904,616	5.0 - 27.5
Monroe Family	841,106	5.0 - 27.5
Clayfed Apts.	495,911	5.0 - 40.0
Westside Apts.	759,105	5.0 - 40.0
Casa Linda	556,783	5.0 - 40.0
Rivermeade	1,468,604	5.0 - 27.5
Laurel Woods	817,967	5.0 - 27.5
Keysville	490,904	5.0 - 27.5
Crosstown	2,330,321	5.0 - 40.0
Riverside Apts.	472,368	5.0 - 40.0
Brookshire Apts.	743,273	5.0 - 30.0
Sandridge Apts.	706,018	5.0 - 30.0
Limestone Estates	753,870	5.0 - 27.5
Eagle's Bay	555,643	5.0 - 50.0
Teton View	791,570	5.0 - 27.5
Albany	386,236	5.0 - 40.0
Burkesville	377,485	5.0 - 40.0
Scotts Hill	200,340	5.0 - 40.0
Sage	569,026	5.0 - 40.0
Claremont	299,604	5.0 - 27.5
Middleport	375,743	5.0 - 27.5
Oakwood Apts.	403,379	5.0 - 40.0
Morgantown	439,579	5.0 - 27.5
Ashburn Housing	564,353	5.0 - 30.0
Cuthbert Elderly	451,625	5.0 - 30.0
Sandhill Forest	204,230	5.0 - 35.0
Oakwood Grove	453,179	5.0 - 35.0
Hastings Manor	296,658	5.0 - 40.0
Lakewood Apts.	1,373,058	5.0 - 30.0
Robinhood Apts.	798,948	5.0 - 50.0
Skyview Terrace	714,911	5.0 - 50.0
Mabank 1988	564,783	5.0 - 35.0
Buena Vista	350,762	5.0 - 30.0
Woodcroft	425,118	5.0 - 50.0
Spring Creek	251,956	5.0 - 40.0
Spring Creek	231,388	5.0 - 30.0
Milton Elderly	576,040	5.0 - 30.0
Winder Apartments	763,750	5.0 - 50.0
Hunters Ridge	411,630	5.0 - 50.0
Stone Arbor	536,728	5.0 - 50.0
Greeneville	741,396	5.0 - 27.5
Centralia II	442,153	5.0 - 27.5
Poteau IV	354,156	5.0 - 25.0
Barling	587,221	5.0 - 25.0
Booneville	893,107	5.0 - 25.0
Augusta	1,226,894	5.0 - 25.0

Meadows	767,058	5.0	- 27.5
Kenly Housing	540,040	5.0	- 40.0
Fairview South	714,558	5.0	- 25.0
River Road Apts.	440,211	5.0	- 40.0
Middlefield	509,540	5.0	- 27.5
Floresville	416,289	5.0	- 50.0
Mathis Retirement	286,430	5.0	- 50.0
Sabinal Housing	210,060	5.0	- 50.0
Kingsland Housing	289,563	5.0	- 50.0
Crestwood Villa II	535,145	5.0	- 33.0
Poteau Prop. III	299,361	5.0	- 25.0
Decatur Properties	488,091	5.0	- 25.0
Broken Bow Prop II	840,046	5.0	- 25.0
Turtle Creek II	783,980	5.0	- 25.0
Pleasant Valley	664,341	5.0	- 27.5
Hartwell Elderly	349,921	5.0	- 27.5
Pulaski Village	869,332	5.0	- 27.5
Southwood Apts.	625,464	5.0	- 25.0
	-----		
	\$49,390,571		
	=====		

GATEWAY TAX CREDIT FUND, LTD.

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002

Reconciliation of Land, Building & Improvements current year changes:

Balance at beginning of period - December 31, 2001		\$ 115,073,251
Additions during period:		
Acquisitions through foreclosure	0	
Other acquisitions	913,209	
Improvements, etc.	0	
Other	0	
	-----	
		913,209
Deductions during period:		
Cost of real estate sold	403,379	
Other	19,787	
	-----	
		423,166
		-----
Balance at end of period - December 31, 2002		\$ 115,563,294
		=====

Reconciliation of Accumulated Depreciation current year changes:

Balance at beginning of period - December 31, 2001	\$ 45,903,523
Adjustment to Prior Year	0
Less Accumulated Depreciation of real estate sold	(19,787)
Current year expense	3,506,835
	-----
Balance at end of period - December 31, 2002	\$ 49,390,571
	=====

GATEWAY TAX CREDIT FUND, LTD.  
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE  
AS OF DECEMBER 31, 2002

PARTNERSHIP	# OF UNITS	BALANCE	INTEREST RATE	MONTHLY DEBT SERVICE	TERM (YEARS)
-----	-----	-----	-----	-----	-----
Laynecrest	48	1,451,276	10.63%	13,193	50
Martindale	30	926,463	9.50%	7,591	50
La Villa Elena	54	1,455,058	9.00%	11,397	50
Rio Abajo	42	1,379,962	9.50%	11,306	50
Fortville II	24	666,125	9.00%	5,214	50
Summitville	24	727,022	9.00%	5,691	50
Suncrest	40	1,458,609	9.00%	11,372	50
Brandywine III	32	1,076,216	9.00%	8,429	50
Concord IV	32	1,073,967	9.50%	8,822	50
Dunbarton Oaks III	32	1,095,503	9.00%	8,270	50
Federal Manor	32	1,148,663	9.00%	8,994	50
Laurel Apts	32	1,118,031	9.50%	9,191	50
Mulberry Hill IV	16	587,686	9.50%	4,822	50
Madison	40	1,175,087	9.50%	9,604	50
Hannah's Mill	50	1,456,537	9.50%	11,920	50
Longleaf Apts.	36	959,325	9.50%	7,852	50
Sylacauga Garden	45	1,398,370	9.00%	10,941	50
Monroe Family	48	1,449,074	9.00%	11,294	50
Clayfed Apartments	32	944,688	9.75%	8,985	35
Westside Apts.	52	1,580,068	9.50%	15,673	35
Casa Linda	41	1,364,981	9.50%	11,167	50
Rivermeade	80	2,525,013	8.75%	19,753	50
Laurel Woods	40	1,262,343	9.00%	9,677	50
Keysville	24	748,889	9.50%	6,137	50
Crosstown	201	4,171,691	7.88%	36,182	30
Riverside Apts.	40	1,148,621	9.25%	8,204	50
Brookshire Apts.	46	1,378,092	8.75%	10,486	50
Sandridge Apts.	46	1,303,835	9.00%	10,071	50
Limestone Estates	25	1,140,249	9.00%	8,910	50
Eagle's Bay	40	1,467,441	8.75%	11,153	50
Teton View	40	1,416,416	8.25%	10,261	50
Albany	24	726,450	9.00%	5,703	50
Burkesville	24	729,512	9.50%	5,996	50
Scotts Hill	12	404,578	8.75%	3,073	50
Sage	44	1,460,072	8.75%	11,087	50
Claremont	16	436,583	9.75%	3,750	50
Middleport	25	940,551	8.75%	7,144	50
Oakwood Apts.	24	780,279	9.50%	6,379	50
Morgantown	24	782,433	9.25%	6,226	50
Ashburn Housing	41	1,045,672	8.75%	7,935	50
Cuthbert Elderly	32	814,325	8.75%	6,189	50
Sandhill Forest	16	463,530	9.00%	3,615	50
Oakwood Grove	36	1,004,164	9.50%	8,215	50
Hastings Manor	24	693,701	9.00%	5,412	50
Lakewood Apts.	72	2,413,516	8.75%	18,332	50
Robinhood Apts.	48	1,453,579	9.75%	11,031	50
Skyview Terrace	48	1,317,859	8.50%	9,866	50
Mabank 1988	42	1,102,562	8.75%	8,345	50
Buena Vista	25	650,513	9.25%	5,187	50
Woodcroft	32	1,145,039	9.00%	8,912	50
Spring Creek	18	486,932	9.00%	4,591	50
Spring Creek	24	527,895	11.50%	5,223	50
Milton Elderly	43	1,072,005	9.25%	8,547	50
Winder Apartments	48	1,409,272	8.75%	10,709	50
Hunters Ridge	40	1,158,497	9.00%	9,032	50
Stone Arbor	40	1,475,294	9.25%	11,759	50
Greeneville	40	1,192,857	9.25%	9,511	50
Centralia II	24	794,659	8.75%	6,031	50
Poteau IV	32	579,869	9.00%	4,777	50
Barling	48	896,205	9.00%	7,382	50
Booneville	50	1,349,493	8.25%	10,250	50
Augusta	66	1,905,947	8.75%	14,465	50
Meadows	40	1,317,958	8.75%	10,010	50

Kenly Housing	48	1,324,985	8.75%	11,366	50
Fairview South	44	1,056,745	9.50%	8,648	50
River Road Apts.	43	1,081,444	8.75%	9,625	33
Middlefield	36	1,077,515	9.25%	8,579	50
Floresville	40	1,029,829	9.50%	8,466	50
Mathis Retirement	36	866,283	9.50%	7,082	50
Sabinal Housing	24	599,879	9.00%	4,674	50
Kingsland Housing	34	839,490	9.00%	6,554	50
Crestwood Villa II	36	1,070,682	9.00%	8,620	50
Poteau Prop. III	19	459,090	9.00%	3,569	50
Decatur Properties	24	767,391	8.75%	5,801	50
Broken Bow Prop II	46	1,470,144	8.75%	11,110	50
Turtle Creek II	42	1,233,497	9.00%	9,818	50
Pleasant Valley	32	1,139,493	8.75%	8,646	50
Hartwell Elderly	24	665,294	8.75%	5,045	50
Pulaski Village	44	1,376,719	9.25%	10,978	50
Southwood Apts.	40	944,374	8.75%	7,175	50
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		\$ 90,589,956			
		=====			

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

GATEWAY TAX CREDIT FUND, LTD.  
(A Florida Limited Partnership)  
By: Raymond James Tax Credit Funds, Inc.

Date: June 30, 2003

By: /s/ Ronald M. Diner  
Ronald M. Diner  
President

Date: June 30, 2003

By: /s/ Sandra L. Furey  
Sandra L. Furey  
Secretary and Treasurer

Date: June 30, 2003

By: /s/ Carol Georges  
Carol Georges  
Vice President and Director of Accounting

## **CERTIFICATIONS\***

I, Ron Diner, certify that:

1. I have reviewed this annual report on Form 10-K of Gateway Tax Credit Fund, Ltd.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information include in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 30, 2003

By: /s/ Ronald M. Diner  
Ronald M. Diner  
President

I, Carol Georges, certify that:

1. I have reviewed this annual report on Form 10-K of Gateway Tax Credit Fund, Ltd.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information include in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
  - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 30, 2003

By: /s/ Carol Georges  
Carol Georges  
Vice President and Director of Accounting